WESTERN ENERGY SERVICES CORP. RELEASES FOURTH QUARTER AND YEAR END 2023 FINANCIAL AND OPERATING RESULTS, REDUCING DEBT BY $17 MILLION IN 2023

FOR IMMEDIATE RELEASE: February 28, 2024

CALGARY, ALBERTA – Western Energy Services Corp. ("Western" or the "Company") (TSX: WRG) announces the release of its fourth quarter and year end 2023 financial and operating results, reducing debt by $17 million in 2023. Additional information relating to the Company, including the Company's financial statements and management's discussion and analysis as at and for the year ended December 31, 2023 and 2022 will be available on SEDAR+ at www.sedarplus.ca. Non-International Financial Reporting Standards ("Non-IFRS") measures and ratios, such as Adjusted EBITDA, Adjusted EBITDA as a percentage of revenue, revenue per Operating Day, revenue per Service Hour and Working Capital, as well as abbreviations and definitions for standard industry terms are defined later in this press release. All amounts are denominated in Canadian dollars (CDN$) unless otherwise identified.

Fourth Quarter 2023 Operating Results:

- Fourth quarter revenue decreased by $4.5 million or 7%, to $56.3 million in 2023, as compared to $60.8 million in the fourth quarter of 2022. Contract drilling revenue totalled $37.7 million in the fourth quarter of 2023, which was $5.5 million or 13%, lower than $43.2 million in the fourth quarter of 2022. Production services revenue was $18.6 million for the three months ended December 31, 2023, an increase of $0.8 million or 5%, as compared to $17.8 million in the same period of the prior year. In the fourth quarter of 2023, revenue was negatively impacted by lower activity in contract drilling in Canada and the US due to lower commodity prices, compared to the fourth quarter of 2022 as described below:
  - In Canada, Operating Days of 833 days in the fourth quarter of 2023 were 95 days (or 10%) lower compared to 928 days in the fourth quarter of 2022. This compares to a 9% decrease in CAOEC industry Operating Days in the fourth quarter of 2023, compared to the fourth quarter of 2022. Drilling rig utilization in Canada was 27% in the fourth quarter of 2023, compared to 28% in the same period of the prior year mainly due to customers reducing their capital budgets or deferring their programs into 2024, as a result of lower commodity prices in the fourth quarter. The Canadian Association of Energy Contractors ("CAOEC") industry average utilization of 36%[1] for the fourth quarter of 2023 represented a decrease of four percentage points compared to the CAOEC industry average utilization of 40% in the fourth quarter of 2022. Revenue per Operating Day averaged $35,211 in the fourth quarter of 2023, an increase of 4% compared to the same period of the prior year, mainly due to higher pricing, which was offset partially by lower third party charges, such as fuel, as more customers are paying for fuel directly instead of passing fuel charges through Western;
  - In the United States ("US"), drilling rig utilization averaged 36% in the fourth quarter of 2023, compared to 40% in the fourth quarter of 2022, with Operating Days decreasing from 293 days in the fourth quarter of 2022 to 229 days in the fourth quarter of 2023 due to lower industry activity. Average active industry rigs of 622[2] in the fourth quarter of 2023 were 20% lower compared to the fourth quarter of 2022. Revenue per Operating Day for the fourth quarter of 2023 averaged US$26,530, a 10% decrease compared to US$29,439 in the same period of the prior year, mainly due to changes in rig mix as activity was lower for the Company's higher specification rigs which have higher day rates; and
  - In Canada, service rig utilization of 37% in the fourth quarter of 2023 was lower than 38% in the same period of the prior year as industry activity decreased. Revenue per Service Hour averaged $1,017 in the fourth quarter of 2023 and was 3% higher than the fourth quarter of 2022, due to improved pricing and inflationary pressures on operating costs, including higher wages that are passed through to the customer.
- The Company incurred a net loss of $2.2 million in the fourth quarter of 2023 ($0.06 net loss per basic common share) as compared to a net loss of $3.1 million in the same period in 2022 ($0.09 net loss per basic common share). The change can mainly be attributed to a $1.2 million increase in Adjusted EBITDA, a $0.3 million decrease in income tax expense, a $0.3 million decrease in stock based compensation expense, and a $0.3 million decrease in finance costs due to a lower total debt balance, which were partially offset by a $0.9 million increase in depreciation expense due to property and equipment additions and a $0.2 million increase in other items. Administrative expenses in the fourth quarter of 2023 were consistent with the fourth quarter of 2022.
- Adjusted EBITDA of $13.4 million in the fourth quarter of 2023 was $1.2 million, or 9%, higher compared to $12.2 million in the fourth quarter of 2022. Adjusted EBITDA in 2023 was higher due to higher industry activity and pricing in production services, higher pricing in the contract drilling segment in the fourth quarter of 2023, as well as lower repairs and maintenance costs, which were offset partially by lower contract drilling activity in the US and Canada, as well as inflationary cost increases.

[1] Source: CAOEC, monthly Contractor Summary.

[2] Source: Baker Hughes Company, North America Rotary Rig Count.

- Fourth quarter additions to property and equipment of $3.4 million in 2023 compared to $7.7 million in the fourth quarter of 2022, consisting of $0.6 million of expansion capital related to rig upgrades and $2.8 million of maintenance capital. The decrease can mainly be attributable to the Company substantially completing its rig upgrade program in 2022.
- On December 22, 2023, the Company made a $7.0 million voluntary prepayment on its second lien term loan facility with Alberta Investment Management Corporation (the "Second Lien Facility").

2023 Operating Results:

- During the year ended December 31, 2023, the Company reduced its total debt by $17.0 million (or 13%), primarily through a $7.0 million voluntary repayment on its Second Lien Facility, a $4.1 million voluntary repayment on its HSBC Bank Canada six-year committed term non-revolving facility with the participation of Business Development Canada (the "HSBC Facility") and repayments of its Credit Facilities (as defined in this press release).
- Western's drilling rig upgrade program, which was initiated in 2022, has been a success and has generated a substantial portion of revenue for the year ended December 31, 2023. The upgraded rigs have generated higher day rates which contributed to increased revenue for the year ended December 31, 2023.
- Revenue for the year ended December 31, 2023, increased by $33.2 million or 17%, to $233.5 million as compared to $200.3 million for the year ended December 31, 2022. Contract drilling revenue totalled $164.6 million for the year ended December 31, 2023, an increase of $35.1 million or 27%, compared to $129.5 million in the same period of the prior year. Production services revenue was $69.2 million for the year ended December 31, 2023, a decrease of $2.1 million or 3%, as compared to $71.3 million in the same period of the prior year. In 2023, revenue was positively impacted by improved pricing in all divisions, rig upgrades, as well as higher activity in contract drilling, partially offset by lower activity in production services, compared to 2022 as described below:
    - In Canada, Operating Days of 3,575 for the year ended December 31, 2023, were 334 days (or 10%) higher, compared to 3,241 days for the year ended December 31, 2022, resulting in drilling rig utilization of 29% for the year ended December 31, 2023, compared to 24% for the year ended December 31, 2022. This compares to a 2% decrease in CAOEC Operating Days for the year ended December 31, 2023, compared to the year ended December 31, 2022. The CAOEC industry average utilization of 36%[3] for the year ended December 31, 2023, represented an increase of one percentage point compared to the CAOEC industry average utilization of 35% for the year ended December 31, 2022. Revenue per Operating Day averaged $33,328 for the year ended December 31, 2023, an increase of 12% compared to the prior year, mainly due to rig upgrades, market driven increased pricing, and inflationary pressures on operating costs, including higher wages that are passed through to the customer;
    - In the US, drilling rig utilization averaged 38% for the year ended December 31, 2023, compared to 33% in the prior year, with Operating Days improving by 96 days from 976 days in 2022 to 1,072 days in 2023. Average active industry rigs of 687[4] in 2023 were 5% lower than the average for the year ended December 31, 2022 as US industry activity weakened in 2023. Revenue per Operating Day for the year ended December 31, 2023 averaged US$30,861, a 19% increase compared to US$25,927 for the year ended December 31, 2022, mainly due to improved spot market pricing in the Williston Basin; and
    - In Canada, service rig utilization of 34% for the year ended December 31, 2023 was lower than 41% in prior year as industry activity decreased, mainly due to the completion of the funding for the Federal site rehabilitation program, several customers waiting on the restoration of power in areas impacted by wildfires and lower commodity prices. Revenue per Service Hour averaged $1,027 for the year ended December 31, 2023 and was 9% higher than the prior year, due to improved pricing and inflationary pressures on operating costs, including higher wages that are passed through to the customer.
- Administrative expenses increased by $2.4 million or 17%, to $16.3 million for the year ended December 31, 2023, as compared to $13.9 million in the prior year, due to higher employee related costs along with inflationary costs and higher professional fees.
- The Company generated a net loss of $6.9 million for the year ended December 31, 2023 ($0.20 net loss per basic common share) as compared to net income of $29.3 million in the prior year ($1.24 net income per basic common share). The change can mainly be attributed to the $49.4 million gain on debt forgiveness in 2022, a $7.8 million increase in Adjusted EBITDA, a $4.3 million decrease in income tax expense, a $3.0 million decrease in finance costs due to the lower total debt balance and a $0.9 million decrease in other items, offset partially by a $0.8 million increase in stock based compensation expense and a $2.1 million increase in depreciation expense due to property and equipment additions.
- Adjusted EBITDA of $47.7 million for the year ended December 31, 2023 was $7.8 million, or 20%, higher compared to $39.9 million in the prior year. Adjusted EBITDA was higher due to improved contract drilling activity in Canada and the US in the first half of 2023, higher pricing across all divisions, and US$0.6 million of shortfall commitment revenue, which was offset partially by lower activity in the third and fourth quarters of 2023, one-time costs of $0.5 million related to reactivating certain drilling rigs, inflationary cost increases and $1.8 million lower government subsidies received in 2023 compared to 2022.

[3] Source: CAOEC, monthly Contractor Summary.

[4] Source: Baker Hughes Company, North America Rotary Rig Count.

- Year to date 2023 additions to property and equipment of $22.6 million compared to $34.2 million in the prior year, consisting of $7.4 million of expansion capital and $15.2 million of maintenance capital. The decrease year over year can mainly be attributable to the Company substantially completing its rig upgrade program in 2022.

Selected Financial Information

(stated in thousands, except share and per share amounts)

	Three months ended December 31			Year ended December 31		
Financial Highlights	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Revenue	56,255	60,792	(7%)	233,451	200,344	17%
Adjusted EBITDA(1)	13,370	12,233	9%	47,739	39,921	20%
Adjusted EBITDA as a percentage of revenue(1)	24%	20%	20%	20%	20%	-
Cash flow from operating activities	6,268	6,502	(4%)	51,353	28,541	80%
Additions to property and equipment	3,404	7,708	(56%)	22,622	34,228	(34%)
Net income (loss)	(2,194)	(3,095)	(29%)	(6,885)	29,320	(123%)
– basic and diluted net income (loss) per share	(0.06)	(0.09)	(33%)	(0.20)	1.24	(116%)
Weighted average number of shares						
– basic	33,843,009	33,841,318	-	33,841,864	23,581,155	44%
– diluted	33,843,009	33,841,318	-	33,841,864	23,581,735	44%
Outstanding common shares as at period end	33,843,009	33,841,318	-	33,843,009	33,841,318	-

(1) See "Non-IFRS Measures and Ratios" included in this press release.

	Three months ended December 31			Year ended December 31		
Operating Highlights(2)	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Contract Drilling						
Canadian Operations:						
Contract drilling rig fleet:						
– Average active rig count	9.1	10.1	(10%)	9.8	8.9	10%
Operating Days	833	928	(10%)	3,575	3,241	10%
Revenue per Operating Day(3)	35,211	33,923	4%	33,328	29,698	12%
Drilling rig utilization	27%	28%	(4%)	29%	24%	21%
CAOEC industry average utilization – Operating Days(4)	36%	40%	(10%)	36%	35%	3%
Average meters drilled per well	6,320	7,412	(15%)	6,757	6,406	5%
Average Operating Days per well	11.2	14.8	(24%)	12.3	12.8	(4%)
United States Operations:						
Contract drilling rig fleet:						
– Average active rig count	2.5	3.2	(22%)	2.9	2.7	7%
Operating Days	229	293	(22%)	1,072	976	10%
Revenue per Operating Day (US$)(3)	26,530	29,439	(10%)	30,861	25,927	19%
Drilling rig utilization	36%	40%	(10%)	38%	33%	15%
Average meters drilled per well	5,195	3,001	73%	3,759	3,450	9%
Average Operating Days per well	17.0	13.7	24%	13.7	11.7	17%
Production Services						
Well servicing rig fleet:						
– Average active rig count	24.1	23.7	2%	22.2	25.8	(14%)
Service Hours	15,712	15,443	2%	57,792	67,077	(14%)
Revenue per Service Hour(3)	1,017	991	3%	1,027	943	9%
Service rig utilization	37%	38%	(3%)	34%	41%	(17%)

(2) See "Defined Terms" included in this press release.

(3) See "Non-IFRS Measures and Ratios" included in this press release.

(4) Source: The CAOEC monthly Contractor Summary. The CAOEC industry average is based on Operating Days divided by total available drilling days.

Financial Position at (stated in thousands)	**December 31, 2023**	**December 31, 2022**	**December 31, 2021**
Working capital(1)	20,125	21,923	2,224
Total assets	442,933	475,708	456,003
Long term debt – non current portion	111,174	126,527	226,884

(1) See "Non-IFRS Measures and Ratios" included in this press release.

Business Overview

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

Contract Drilling

Western markets a fleet of 41 drilling rigs specifically suited for drilling complex horizontal wells across Canada and the US. Western is currently the fourth largest drilling contractor in Canada, based on the CAOEC registered drilling rigs[5].

Western's marketed and owned contract drilling rig fleets are comprised of the following:

	As at December 31					
	2023			2022		
Rig class(1)	**Canada**	**US**	**Total**	**Canada**	**US**	**Total**
Cardium	11	-	11	11	1	12
Montney	18	1	19	18	1	19
Duvernay	5	6	11	7	6	13
Total marketed drilling rigs(2)	**34**	**7**	**41**	**36**	**8**	**44**
Total owned drilling rigs	**48**	**7**	**55**	**48**	**8**	**56**

(1) See "Contract Drilling Rig Classifications" included in this press release.
(2) Source: CAOEC Contractor Summary as at February 28, 2024.

Production Services

Production services provides well servicing and oilfield equipment rentals in Canada. Western operates 65 well servicing rigs and is the second largest well servicing company in Canada based on CAOEC registered well servicing rigs[6].

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

Owned well servicing rigs	**As at December 31**	
Mast type	**2023**	**2022**
Single	30	30
Double	27	27
Slant	8	8
Total owned well servicing rigs	**65**	**65**

Business Environment

Crude oil and natural gas prices impact the cash flow of Western's customers, which in turn impacts the demand for Western's services. The following table summarizes average crude oil and natural gas prices, as well as average foreign exchange rates, for the three months ended December 31, 2023 and 2022 and for the year ended December 31, 2023 and 2022.

	Three months ended December 31			Year ended December 31		
	2023	**2022**	**Change**	**2023**	**2022**	**Change**
Average crude oil and natural gas prices(1)(2)						
Crude Oil						
West Texas Intermediate (US$/bbl)	78.32	82.64	(5%)	77.63	94.23	(18%)
Western Canadian Select (CDN$/bbl)	76.86	77.39	(1%)	79.53	98.51	(19%)
Natural Gas						
30 day Spot AECO (CDN$/mcf)	2.39	5.43	(56%)	2.74	5.63	(51%)
Average foreign exchange rates(2)						
US dollar to Canadian dollar	1.36	1.36	-	1.35	1.30	4%

(1) See "Abbreviations" included in this press release.
(2) Source: Sproule December 31, 2023, Price Forecast, Historical Prices.

West Texas Intermediate on average decreased by 5% and 18% respectively, for the three months and year ended December 31, 2023, compared to the same periods in the prior year. Pricing on Western Canadian Select crude oil decreased by 1% and 19% respectively, for the three months and year ended December 31, 2023. In 2023, crude oil prices decreased due to global economic

[5] Source: CAOEC Drilling Contractor Summary as at February 28, 2024.
[6] Source: CAOEC Well Servicing Fleet List as at February 28, 2024.

concerns including weakening demand for crude oil, the fear of a North American recession and continued high interest rates implemented to manage inflationary factors. Natural gas prices in Canada also declined in 2023 due to lower demand, as well as weather related factors including warmer winter seasons in both North America and Europe, as the 30-day spot AECO price decreased by 56% and 51% respectively, for the three months and year ended December 31, 2023, compared to the same periods of the prior year. Additionally, the US dollar to the Canadian dollar foreign exchange rate for the three months ended December 31, 2023 was consistent with the same period in the prior year, while for the year ended December 31, 2023, the US dollar strengthened by 4% compared to the prior year.

In both the US and Canada, lower commodity prices reduced industry activity in 2023. As reported by Baker Hughes Company[7], the number of active drilling rigs in the US decreased by approximately 20% to 622 rigs as at December 31, 2023, as compared to 779 rigs at December 31, 2022. In Canada, there were 104 active rigs in the Western Canadian Sedimentary Basin ("WCSB") at December 31, 2023, compared to 121 active rigs as at December 31, 2022, representing a decrease of approximately 14%. The CAOEC[8] reported that for drilling in Canada, the total number of Operating Days in the WCSB for the three months ended December 31, 2023, were 9% lower than the same period in the prior year. Similarly, for the year ended December 31, 2023, the total number of Operating Days in the WCSB in Canada were 2% lower than the prior year.

Outlook

In 2023, crude oil prices were impacted in the short term by the fear of a North American recession, concerns surrounding demand from a weak global economy, continued uncertainty concerning the ongoing war in Ukraine and by the Israel-Palestine conflict in the Middle East. Events such as these contribute to the volatility of commodity prices and the precise duration and extent of the adverse impacts of the current macroeconomic environment on Western's customers, operations, business and global economic activity, remains uncertain at this time. Additionally, the threatened shutdown and relocation of a portion of the Enbridge Line 5 pipeline, the delays and construction challenges on the Trans Mountain pipeline expansion, and the recent challenge of the Blueberry River First Nations agreement in British Columbia by the Treaty 8 nations have contributed to continued uncertainty regarding takeaway capacity and resource development. However, despite the recent technical issues with the Trans Mountain pipeline expansion, as of the date hereof, the pipeline is estimated to be 95% complete with an anticipated in-service date in the second quarter of 2024. The Trans Mountain pipeline, in addition to the Coastal Gaslink pipeline project which was mechanically complete in November 2023, and the LNG Canada liquefied natural gas project in British Columbia now more than 85% complete and expected to be online in 2025, may contribute to increased industry activity. Controlling fixed costs, maintaining balance sheet strength and flexibility, repaying debt and managing through a volatile market are priorities for the Company, as prices and demand for Western's services continue to improve.

As previously announced, Western's board of directors has approved a capital budget for 2024 of $23 million, comprised of $8 million of expansion capital and $15 million of maintenance capital. The 2024 capital budget includes approximately $3 million of committed expenditures from 2023 that will carry forward into 2024. Western will continue to manage its costs in a disciplined manner and make required adjustments to its capital program as customer demand changes. Currently, 14 of Western's drilling rigs and 25 of Western's well servicing rigs are operating.

As at December 31, 2023, Western had $5 million drawn on its $45 million senior secured credit facilities (the "Credit Facilities") and $6 million outstanding on its HSBC Facility, which matures on December 31, 2026. As at December 31, 2023, Western had $99 million outstanding on its Second Lien Facility, which matures on May 18, 2026. In 2023, Western reduced its total debt by $17 million and will continue to focus its efforts on debt reduction in 2024.

Energy service activity in Canada will be affected by volatile commodity prices, the continued development of resource plays in Alberta and northeast British Columbia, continued pipeline construction to increase takeaway capacity, environmental regulations, and the level of investment in Canada. With Western's recent drilling rig upgrade program substantially complete, the Company is well positioned to be the contractor of choice to supply drilling rigs in a tightening market. Western is also active with three fit for purpose drilling rigs in the Clearwater formation in northern Alberta. In the short term, the largest challenges facing the energy service industry are weak commodity prices, a lack of qualified field personnel and the restrained growth in customer drilling activity due to their continuing preference to return cash to shareholders through share buybacks, increased dividends and repayment of debt, rather than grow production. If commodity prices stabilize for an extended period and as customers strengthen their balance sheets by reducing debt levels, we expect that drilling activity will increase. In the medium term, Western's rig fleet is well positioned to benefit from the increased drilling and production services activity generated by the LNG Canada liquefied natural gas project and the Trans Mountain pipeline expansion. The total rig fleet in the WCSB has decreased from 441 drilling rigs at December 31, 2022 to 383 drilling rigs as of February 28, 2024, representing a decrease of 58 drilling rigs, or 13% which reduces the supply of drilling rigs for such projects. Western is an experienced deep horizontal driller in Canada, with an average well length of 6,757 meters drilled per well and an average of 12.3 operating days to drill per well for the year ended December 31, 2023. It remains Western's view that its upgraded drilling rigs and modern well servicing rigs, reputation for quality and capacity of the Company's rig fleet, and disciplined cash management provides Western with a competitive advantage.

[7] Source: Baker Hughes Company, 2023 Rig Count monthly press releases.
[8] Source: CAOEC, monthly Contractor Summary.

Non-IFRS Measures and Ratios

Western uses certain financial measures in this press release which do not have any standardized meaning as prescribed by International Financial Reporting Standards ("IFRS"). These measures and ratios, which are derived from information reported in the consolidated financial statements, may not be comparable to similar measures presented by other reporting issuers. These measures and ratios have been described and presented in this press release to provide shareholders and potential investors with additional information regarding the Company. The non-IFRS measures and ratios used in this press release are identified and defined as follows:

Adjusted EBITDA and Adjusted EBITDA as a Percentage of Revenue

Adjusted earnings before interest and finance costs, taxes, depreciation and amortization, other non-cash items and one-time gains and losses ("Adjusted EBITDA") is a useful non-GAAP financial measure as it is used by management and other stakeholders, including current and potential investors, to analyze the Company's principal business activities prior to consideration of how Western's activities are financed and the impact of foreign exchange, income taxes and depreciation. Adjusted EBITDA provides an indication of the results generated by the Company's principal operating segments, which assists management in monitoring current and forecasting future operations, as certain non-core items such as interest and finance costs, taxes, depreciation and amortization, and other non-cash items and one-time gains and losses are removed. The closest IFRS measure would be net income (loss) for consolidated results.

Adjusted EBITDA as a percentage of revenue is a non-IFRS financial ratio which is calculated by dividing Adjusted EBITDA by revenue for the relevant period. Adjusted EBITDA as a percentage of revenue is a useful financial measure as it is used by management and other stakeholders, including current and potential investors, to analyze the profitability of the Company's principal operating segments.

The following table provides a reconciliation of net income (loss), as disclosed in the consolidated statements of operations and comprehensive income, to Adjusted EBITDA:

	Three months ended December 31		**Year ended December 31**	
(stated in thousands)	**2023**	**2022**	**2023**	**2022**
Net income (loss)	**(2,194)**	**(3,095)**	**(6,885)**	**29,320**
Income tax expense (recovery)	(452)	(177)	(1,383)	2,858
Income (loss) before income taxes	**(2,646)**	**(3,272)**	**(8,268)**	**32,178**
Add (deduct):				
Gain on debt forgiveness	-	-	-	(49,357)
Depreciation	11,333	10,444	42,164	40,096
Stock based compensation	549	850	2,761	1,985
Finance costs	2,687	2,988	11,397	14,416
Other items	1,447	1,223	(315)	603
Adjusted EBITDA	**13,370**	**12,233**	**47,739**	**39,921**

Revenue per Operating Day

This non-IFRS measure is calculated as drilling revenue for both Canada and the US respectively, divided by Operating Days in Canada and the US respectively. This calculation represents the average day rate by country, charged to Western's customers.

Revenue per Service Hour

This non-IFRS measure is calculated as well servicing revenue divided by Service Hours. This calculation represents the average hourly rate charged to Western's customers.

Working Capital

This non-IFRS measure is calculated as current assets less current liabilities as disclosed in the Company's consolidated financial statements.

Defined Terms

Average active rig count (contract drilling): Calculated as drilling rig utilization multiplied by the average number of drilling rigs in the Company's fleet for the period.

Average active rig count (production services): Calculated as service rig utilization multiplied by the average number of service rigs in the Company's fleet for the period.

Average meters drilled per well: Defined as total meters drilled divided by the number of wells completed in the period.

Average Operating Days per well: Defined as total Operating Days divided by the number of wells completed in the period.

Drilling rig utilization: Calculated based on Operating Days divided by total available days.

Operating Days: Defined as contract drilling days, calculated on a spud to rig release basis.

Service Hours: Defined as well servicing hours completed.

Service rig utilization: Calculated as total Service Hours divided by 217 hours per month per rig multiplied by the average rig count for the period as defined by the CAOEC industry standard.

Contract Drilling Rig Classifications

Cardium class rig: Defined as any contract drilling rig which has a total hookload less than or equal to 399,999 lbs (or 177,999 daN).

Montney class rig: Defined as any contract drilling rig which has a total hookload between 400,000 lbs (or 178,000 daN) and 499,999 lbs (or 221,999 daN).

Duvernay class rig: Defined as any contract drilling rig which has a total hookload equal to or greater than 500,000 lbs (or 222,000 daN).

Abbreviations

- Barrel ("bbl");
- Canadian Association of Energy Contractors ("CAOEC");
- DecaNewton ("daN");
- International Financial Reporting Standards ("IFRS");
- Pounds ("lbs");
- Thousand cubic feet ("mcf"); and
- Western Canadian Sedimentary Basin ("WCSB").

Forward-Looking Statements and Information

This press release contains certain forward-looking statements and forward-looking information (collectively, "forward-looking information") within the meaning of applicable Canadian securities laws, as well as other information based on Western's current expectations, estimates, projections and assumptions based on information available as of the date hereof. All information and statements contained herein that are not clearly historical in nature constitute forward-looking information, and words and phrases such as "may", "will", "should", "could", "expect", "intend", "anticipate", "believe", "estimate", "plan", "predict", "potential", "continue", or the negative of these terms or other comparable terminology are generally intended to identify forward-looking information. Such information represents the Company's internal projections, estimates or beliefs concerning, among other things, an outlook on the estimated amounts and timing of additions to property and equipment, anticipated future debt levels and revenues or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. This forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information.

In particular, forward-looking information in this press release includes, but is not limited to, statements relating to: the business of Western; industry, market and economic conditions and any anticipated effects on Western; commodity pricing; the future demand for the Company's services and equipment; the effect of inflation and commodity prices on energy service activity; expectations with respect to customer spending; the success of Western's drilling rig upgrade program; the potential impact of the current conflicts in Ukraine and the Middle East on crude oil prices; the Company's capital budget for 2024, including the allocation of such budget; Western's plans for managing its capital program; the energy service industry and global economic activity; expectations with respect to the Trans Mountain pipeline expansion, including the impact of construction delays and other challenges; the potential shutdown and relocation of the Enbridge Line 5 pipeline; expectations with respect to the Coastal GasLink pipeline project and LNG Canada facility; the impact of any challenge to the Blueberry River First Nations decision; the development of Alberta and British Columbia resource plays; challenges facing the energy service industry; the Company's focus on debt reduction; and the Company's ability to maintain a competitive advantage, including the factors and practices anticipated to produce and sustain such advantage.

The material assumptions that could cause results or events to differ from current expectations reflected in the forward-looking information in this press release include, but are not limited to: demand levels and pricing for oilfield services; demand for crude oil and natural gas and the price and volatility of crude oil and natural gas; pressures on commodity pricing; the impact of inflation; the continued business relationships between the Company and its significant customers; crude oil transport, pipeline and LNG export facility approval and development; that all required regulatory and environmental approvals can be obtained on the necessary terms and in a timely manner, as required by the Company; liquidity and the Company's ability to finance its operations; the effectiveness of the Company's cost structure and capital budget; the effects of seasonal and weather conditions on operations and facilities; the competitive environment to which the various business segments are, or may be, exposed in all aspects of their business and the Company's competitive position therein; the ability of the Company's various business segments to access equipment (including spare parts and new technologies); global economic conditions and the accuracy of the Company's market outlook expectations for 2024 and in the future; the impact, direct and indirect, of epidemics, pandemics, other public health crisis and geopolitical events, including the conflicts in Ukraine and the Middle East on Western's business, customers, business partners, employees, supply chain, other stakeholders and the overall economy; changes in laws or regulations; currency exchange fluctuations; the ability of the Company to attract and retain skilled labour and qualified management; the ability to retain and attract significant customers; the ability to maintain a satisfactory safety record; that any required commercial agreements can be reached; that there are no unforeseen events preventing the performance of contracts and general business, economic and market conditions.

Although Western believes that the expectations and assumptions on which such forward-looking information is based on are reasonable, undue reliance should not be placed on the forward-looking information as Western cannot give any assurance that such will prove to be correct. By its nature, forward-looking information is subject to inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, volatility in market prices for crude oil and natural gas and the effect of this volatility on the demand for oilfield services generally; reduced exploration and development activities by customers and the effect of such reduced activities on Western's services and products; political, industry, market, economic, and environmental conditions in Canada, the US and globally; supply and demand for oilfield services relating to contract drilling, well servicing and oilfield rental equipment services; the proximity, capacity and accessibility of crude oil and natural gas pipelines and processing facilities; liabilities and risks inherent in oil and natural gas operations, including environmental liabilities and risks; changes to laws, regulations and policies; the ongoing geopolitical events in Eastern Europe and the Middle East and the duration and impact thereof; 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 Company's ability to attract and retain skilled labour; Western's ability to obtain debt or equity financing and to fund capital operating and other expenditures and obligations; the potential need to issue additional debt or equity and the potential resulting dilution of shareholders; uncertainties in weather and temperature affecting the duration of the service periods and the activities that can be completed; the Company's ability to comply with the covenants under the Credit Facilities, HSBC Facility and the Second Lien Facility and the restrictions on its operations and activities if it is not compliant with such covenants; Western's ability to protect itself from "cyber-attacks" which could compromise its information systems and critical infrastructure; disruptions to global supply chains; and other general industry, economic, market and business conditions. Readers are cautioned that the foregoing list of risks, uncertainties and assumptions are not exhaustive. Additional information on these and other risk factors that could affect Western's operations and financial results are discussed under the headings "*Risk Factors*" in Western's annual information form for the year ended December 31, 2023, is available under the Company's SEDAR+ profile at www.sedarplus.ca.

The forward-looking statements and information contained in this news release are made as of the date hereof and Western does not undertake any obligation to update publicly or revise any forward-looking statements and information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. Any forward-looking statements contained herein are expressly qualified by this cautionary statement.

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