WESTERN ENERGY SERVICES CORP. RELEASES FIRST QUARTER 2025 FINANCIAL AND OPERATING RESULTS

FOR IMMEDIATE RELEASE: April 22, 2025

CALGARY, ALBERTA – Western Energy Services Corp. ("Western" or the "Company") (TSX: WRG) announces the release of its first quarter 2025 financial and operating results. Additional information relating to the Company, including the Company's financial statements and management's discussion and analysis ("MD&A") as at March 31, 2025 and for the three months ended March 31, 2025 and 2024 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, and revenue per Service Hour, 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.

Operational and Financial Highlights

Three Months Ended March 31, 2025

Financial Highlights:

- First quarter revenue of $69.0 million in 2025 was $7.0 million (or 11%) higher than the first quarter of 2024, as higher contract drilling revenue in Canada was offset partially by lower production services revenue.
- Adjusted EBITDA of $14.1 million in the first quarter of 2025 was $1.1 million (or 8%) lower compared to $15.2 million in the first quarter of 2024, mainly due to one-time reorganization costs of $2.6 million. After normalizing for the one-time reorganization costs, Adjusted EBITDA in the first quarter of 2025 would have totalled $16.7 million, an increase of $1.5 million due to higher drilling revenue in Canada, which was offset partially by lower production services activity in Canada.
- The Company generated net income of $2.4 million in the first quarter of 2025 ($0.07 net income per basic common share) as compared to net income of $1.5 million in the first quarter of 2024 ($0.04 net income per basic common share) as lower Adjusted EBITDA was offset by decreases in depreciation expense, stock based compensation expense, finance costs and income tax expense.
- First quarter additions to property and equipment of $5.0 million in 2025 compared to $1.9 million in the first quarter of 2024, consisting of $0.7 million of expansion capital related to rig upgrades and $4.3 million of maintenance capital.

Operational Highlights:

- In Canada, Operating Days of 1,314 in the first quarter of 2025 were 362 days (or 38%) higher compared to 952 days in the first quarter of 2024. Drilling rig utilization in Canada was 43% in the first quarter of 2025, compared to 31% in the same period of the prior year, mainly due to improved demand for the Company's rig fleet.
- Revenue per Operating Day in Canada averaged $33,624 in the first quarter of 2025, which was 2% lower than the same period of the prior year.
- In the United States ("US"), drilling rig utilization averaged 26% in the first quarter of 2025, which was consistent with the first quarter of 2024, due to continued low industry activity in the US.
- Revenue per Operating Day in the US for the first quarter of 2025 averaged US$27,945, a 12% decrease compared to US$31,858 in the same period of the prior year, mainly due to changes in rig mix.
- In Canada, service rig utilization was 36% in the first quarter of 2025, compared to 44% in the same period of the prior year, as Service Hours decreased by 22% to 14,415 hours from 18,399 hours in the same period of the prior year, mainly due to delays in customer programs.
- Revenue per Service Hour averaged $1,067 in the first quarter of 2025 and was 1% higher than the first quarter of 2024, due to area-specific rig requirements.
- On January 27, 2025, the Company announced that it extended the maturity date of its Second Lien Facility (as defined in this press release) from May 18, 2026 to May 18, 2027.

Selected Financial Information

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

Financial Highlights	Three months ended March 31 2025	2024	Change
Revenue	69,010	61,982	11%
Adjusted EBITDA(1)	14,076	15,219	(8%)
Adjusted EBITDA as a percentage of revenue(1)	20%	25%	(20%)
Cash flow from operating activities	2,678	7,802	(66%)
Additions to property and equipment	4,979	1,902	162%
Net income	2,386	1,455	64%
– basic and diluted net income per share	0.07	0.04	75%
Weighted average number of shares			
– basic and diluted	33,843,022	33,843,015	-
Outstanding common shares as at period end	33,843,022	33,843,015	-

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

Operating Highlights(2)	Three months ended March 31 2025	2024	Change
Contract Drilling			
Canadian Operations:			
Operating Days	1,314	952	38%
Revenue per Operating Day(3)	33,624	34,233	(2%)
Drilling rig utilization	43%	31%	39%
CAOEC industry Operating Days(4)	18,240	17,638	3%
United States Operations:			
Operating Days	167	164	2%
Revenue per Operating Day (US$)(3)	27,945	31,858	(12%)
Drilling rig utilization	26%	26%	-
Production Services			
Service Hours	14,415	18,399	(22%)
Revenue per Service Hour(3)	1,067	1,058	1%
Service rig utilization	36%	44%	(18%)

(2) See "Defined Terms" included in this press release.
(3) See "Non-IFRS Measures and Ratios" included in this press release.
(4) Source: The Canadian Association of Energy Contractors ("CAOEC") monthly Contractor Summary, calculated on a spud to rig release basis.

Financial Position at (stated in thousands)	March 31, 2025	December 31, 2024	March 31, 2024
Working capital(1)	26,892	9,911	29,423
Total assets	438,232	430,981	441,781
Long-term debt – non current portion	102,193	91,657	111,109

(1) See "Defined Terms" 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[1].

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

	As at March 31					
	2025			2024		
Rig class(1)	**Canada**	**US**	**Total**	**Canada**	**US**	**Total**
Cardium	11	-	11	11	-	11
Montney	18	1	19	18	1	19
Duvernay	5	6	11	5	6	11
Total marketed drilling rigs(2)	**34**	**7**	**41**	**34**	**7**	**41**
Total owned drilling rigs	**48**	**7**	**55**	**48**	**7**	**55**

(1) See "Contract Drilling Rig Classifications" included in this press release.
(2) Source: CAOEC Contractor Summary as at April 22, 2025.

Production Services

Production services provides well servicing and oilfield equipment rentals in Canada. Western operates 62 well servicing rigs and is the second-largest well servicing company in Canada based on CAOEC registered well servicing rigs[2].

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

Owned well servicing rigs	**As at March 31**	
Mast type	**2025**	**2024**
Single	27	28
Double	27	27
Slant	8	8
Total owned well servicing rigs	**62**	**63**

Business Environment

Crude oil and natural gas prices impact the cash flow of Western's customers, which in turn impacts the demand for Western's services. The following table summarizes average crude oil and natural gas prices, as well as average foreign exchange rates, for the three months ended March 31, 2025 and 2024:

	Three months ended March 31		
	2025	**2024**	**Change**
Average crude oil and natural gas prices(1)(2)			
Crude Oil			
West Texas Intermediate (US$/bbl)	71.42	76.96	(7%)
Western Canadian Select (CDN$/bbl)	84.42	77.81	8%
Natural Gas			
30 day Spot AECO (CDN$/mcf)	2.21	2.26	(2%)
Average foreign exchange rates(2)			
US dollar to Canadian dollar	1.43	1.35	6%

(1) See "Abbreviations" included in this press release.
(2) Source: Sproule March 31, 2025, Price Forecast, Historical Prices.

- West Texas Intermediate ("WTI") on average decreased by 7% for the three months ended March 31, 2025 compared to the same period in the prior year. In the first quarter of 2025, crude oil prices were impacted by market volatility as a result of tariffs implemented by the US government and counter-tariffs in response by several countries.

[1] Source: CAOEC Drilling Contractor Summary as at April 22, 2025.

[2] Source: CAOEC Well Servicing Fleet List as at April 22, 2025.

- Pricing on Western Canadian Select crude oil improved by 8% for the three months ended March 31, 2025, compared to the same period of the prior year.
- Natural gas prices in Canada were slightly lower in the first quarter of 2025, with the 30-day spot AECO price decreasing by 2%, compared to the same periods of the prior year.
- The US dollar to the Canadian dollar foreign exchange rate for the three months ended March 31, 2025 strengthened by 6% compared to the same period in the prior year.
- Lower WTI prices in the first three months of 2025 contributed to weaker industry drilling activity in the US. As reported by Baker Hughes Company[3], the number of active drilling rigs in the US decreased by approximately 5% to 592 rigs as at March 31, 2025 as compared to 621 rigs at March 31, 2024 and averaged 588 rigs during the first quarter of 2025, compared to 623 rigs in the first quarter of 2024.
- In Canada there were 161 active rigs in the Western Canadian Sedimentary Basin ("WCSB") at March 31, 2025, compared to 146 active rigs as at March 31, 2024, representing an increase of approximately 10%; the CAOEC[4] reported that for drilling in Canada, the total number of Operating Days in the WCSB for the three months ended March 31, 2025, were 3% higher than the same period in the prior year.

Outlook

In 2025, commodity prices were impacted negatively by the tariffs on imports to the US announced by the US government and the corresponding retaliatory tariffs by several countries against the US, triggering a global trade war. Contributing to further market uncertainty were the ongoing conflicts in Eastern Europe and in the Middle East. It is expected that these events will continue to impact commodity prices further in 2025. Additionally, the results of the Canadian federal election in 2025 could lead to government policy changes on future energy projects in Canada, which may create uncertainty for the Canadian energy services industry. The precise duration and extent of the adverse impacts of the current macroeconomic environment and global economic activity on Western's customers and operations remains uncertain at this time.

However, the Trans Mountain pipeline expansion commenced operations as of May 1, 2024 and has brought much needed takeaway capacity to the market. The completed Trans Mountain pipeline project, the Coastal GasLink pipeline project, which has entered commercial in-service and is expected to be online by mid-2025, and the LNG Canada liquefied natural gas project in British Columbia, now more than 90% complete and expected to be online by mid-2025, may contribute to increased industry activity. Additionally, Western is optimistic that the imposition of the US tariffs may help realign the provinces in Canada on the importance of additional economic independence from the US, which could result in more energy projects receiving approval in Canada. Controlling and reducing 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 are expected to continue to improve.

Western's board of directors has approved a capital budget for 2025 of $20 million, comprised of $2 million of expansion capital and $18 million of maintenance capital. The 2025 budget includes approximately $3 million of committed expenditures from 2024 that will carry forward into 2025. Western will continue to manage its costs in a disciplined manner and make required adjustments to its capital program as customer demand changes. Currently, 12 of Western's drilling rigs and 7 of Western's well servicing rigs are operating.

As at March 31, 2025, Western had a total of $11.2 million drawn on its $35.0 million syndicated revolving credit facility and its $10.0 million committed operating facility (the "Credit Facilities") and $4.4 million outstanding on its committed term non-revolving facility (the "HSBC Facility"), which matures on December 31, 2026. As at March 31, 2025, Western had $88.0 million outstanding on its second lien secured term loan with Alberta Investment Management Corporation (the "Second Lien Facility"), which matures on May 18, 2027 after the extension announced on January 27, 2025. Western will continue to focus its efforts on deleveraging the business going forward.

Energy service activity in Canada will be affected by volatile commodity prices, import tariffs implemented by the US administration, the continued development of resource plays in Alberta and northeast British Columbia, ongoing pipeline completions that will increase takeaway capacity, environmental regulations, and the level of investment in Canada. With Western's upgraded drilling rigs, the Company is well positioned to be the contractor of choice to supply drilling rigs in a tightening market. Western is also active with four 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 volatile commodity prices 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, then 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 expected to be generated by the LNG Canada liquefied natural gas project and the Trans Mountain pipeline completion, as well as renewed interest in national self-determination. The total rig

[3] Source: Baker Hughes Company, 2025 Rig Count monthly press releases.

[4] Source: CAOEC, monthly Contractor Summary.

fleet in the WCSB has decreased from 384 drilling rigs at March 31, 2024 to 373 drilling rigs as of April 22, 2025, representing a decrease of 11 drilling rigs, or 3%, which reduces the supply of drilling rigs for such projects. 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.

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 ("Non-IFRS"). These measures and ratios, which are derived from information reported in the condensed consolidated financial statements, may not be comparable to similar measures presented by other reporting issuers. These measures and ratios have been described and presented in this 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-IFRS financial measure as it is used by management and other stakeholders, including current and potential investors, to analyze the Company's principal business activities prior to consideration of how Western's activities are financed and the impact of foreign exchange, income taxes and depreciation. Adjusted EBITDA provides an indication of the results generated by the Company's principal operating segments, which assists management in monitoring current and forecasting future operations, as certain non-core items such as interest and finance costs, taxes, depreciation and amortization, and other non-cash items and one-time gains and losses are removed. The closest IFRS measure would be net income (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 loss, as disclosed in the condensed consolidated statements of operations and comprehensive loss, to Adjusted EBITDA:

	Three months ended March 31	
(stated in thousands)	**2025**	**2024**
Net income	**2,386**	**1,455**
Income tax expense	442	528
Income before income taxes	**2,828**	**1,983**
Add (deduct):		
Depreciation	10,043	10,523
Stock based compensation	(931)	437
Finance costs	2,353	2,656
Other items	(217)	(380)
Adjusted EBITDA	**14,076**	**15,219**

The following table reconciles Adjusted EBITDA, previously defined, to operating earnings (loss) as disclosed in the condensed consolidated financial statements for the three months ended March 31, 2025 and 2024:

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

				Three months ended March 31, 2024
(stated in thousands)	**Contract Drilling**	**Production Services**	**Corporate**	**Total**
Adjusted EBITDA	10,058	6,394	(1,233)	15,219
Depreciation	(7,937)	(2,145)	(441)	(10,523)
Operating earnings (loss)	**2,121**	**4,249**	**(1,674)**	**4,696**

Revenue per Operating Day

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

Revenue per Service Hour

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

Defined Terms

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

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

Service Hours: Defined as well servicing hours completed.

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

Working capital: Calculated as current assets less current liabilities as disclosed in the Company's consolidated financial statements.

Contract Drilling Rig Classifications

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

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

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

Abbreviations

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

Forward-Looking 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 and its customers; 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 impact of Western's upgraded drilling rigs; the potential continued impact of the current conflicts in Eastern Europe and the Middle East on crude oil prices; the Company's capital budget for 2025, including the allocation of such budget; Western's plans for managing its capital program; the energy service industry and global economic activity; expectations of increased industry activity with respect to the Trans Mountain pipeline project, the Coastal GasLink pipeline project and the LNG Canada liquified natural gas project; the expectation that the Coastal GasLink pipeline project will be online by mid-2025; the expectation that the LNG Canada liquified natural gas project will be online by mid-2025; the impact of the US tariffs on the approach of Canadian governments towards approval of Canadian energy projects; potential changes in Canadian government policies resulting from a federal election in 2025; the Company's ability to continue to focus on deleveraging the business; the development of Alberta and British Columbia resource plays; expectations relating to the increase in takeaway capacity resulting from ongoing pipeline completions; expectations relating to the impact of environmental regulations on the energy services industry; expectations surrounding the level of investment in Canada and its impact on the Company; challenges facing the energy service industry; the Company's focus on debt reduction; expectations with respect to increased drilling activity; 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 2025 and in the future; the impact, direct and indirect, of epidemics, pandemics, other public health crisis and geopolitical events, including the conflicts in Eastern Europe and the Middle East and the import tariffs implemented by the US administration on Western's business, customers, business partners, employees, supply chain, other stakeholders and the overall economy; changes in laws, regulations or policies, including as a result of a Canadian federal election in 2025; currency exchange fluctuations; the ability of the Company to attract and retain skilled labour and qualified management; the ability to retain and attract significant customers; the ability to maintain a satisfactory safety record; that any required commercial agreements can be reached; that there are no unforeseen events preventing the performance of contracts and general business, economic and market conditions.

Although Western believes that the expectations and assumptions on which such forward-looking information is based on are reasonable, undue reliance should not be placed on the forward-looking information as Western cannot give any assurance that such will prove to be correct. By its nature, forward-looking information is subject to inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, volatility in market prices for crude oil and natural gas and the effect of this volatility on the demand for oilfield services generally; reduced exploration and development activities by customers and the effect of such reduced activities on Western's services and products; political, industry, market, economic, and environmental conditions in Canada, the US and globally; supply and demand for oilfield services relating to contract drilling, well servicing and oilfield rental equipment services; the proximity, capacity and accessibility of crude oil and natural gas pipelines and processing facilities; liabilities and risks inherent in oil and natural gas operations, including environmental liabilities and risks; changes to laws, regulations and policies; the ongoing geopolitical events in Eastern Europe and the Middle East and the duration and impact thereof; fluctuations in foreign exchange, inflation or interest rates; failure of counterparties to perform or comply with their obligations under contracts; regional competition and the increase in new or upgraded rigs; the Company's ability to attract and retain skilled labour; Western's ability to obtain debt or equity financing and to fund capital operating and other expenditures and obligations; the potential need to issue additional debt or equity and the potential resulting dilution of shareholders; uncertainties in weather and temperature affecting the duration of the service periods and the activities that can be completed; the Company's ability to comply with the covenants under the Credit Facilities, HSBC Facility and the Second Lien Facility and the restrictions on its operations and activities if it is not compliant with such covenants; Western's ability to protect itself from "cyber-attacks" which could compromise its information systems and critical infrastructure; disruptions to global supply chains; and other general industry, economic, market and business conditions. Readers are cautioned that the foregoing list of risks, uncertainties and assumptions are not exhaustive. Additional information on these and other risk factors that could affect Western's operations and financial results are discussed under the headings "*Risk Factors*" in Western's annual information form for the year ended December 31, 2024, which is available under the Company's SEDAR+ profile at www.sedarplus.ca.

The forward-looking statements and information contained in this press 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.

For more information, please contact: Gavin Lane, Interim CEO, or Chantel Calancia, Interim CFO at 403.984.5916