Q4 2024

Western ENERGY SERVICES CORP.

2024 Management's Discussion and Analysis

Date: February 26, 2025

The following discussion of the financial condition, changes in financial condition and results of operations of Western Energy Services Corp. (the "Company" or "Western") should be read in conjunction with the audited consolidated financial statements and accompanying notes of the Company for the years ended December 31, 2024 and 2023. This management's discussion and analysis ("MD&A") is dated February 26, 2025. All amounts are denominated in Canadian dollars (CDN$) unless otherwise identified.

Financial Highlights	**Three months ended December 31**			**Year ended December 31**			
(stated in thousands, except share and per share amounts)	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**	**2022**
Revenue	59,720	56,255	6%	223,078	233,451	(4%)	200,344
Adjusted EBITDA[(1)]	10,316	13,370	(23%)	42,227	47,739	(12%)	39,921
Adjusted EBITDA as a percentage of revenue[(1)]	17%	24%	(29%)	19%	20%	(5%)	20%
Cash flow from operating activities	14,332	6,268	129%	46,798	51,353	(9%)	28,541
Additions to property and equipment	5,844	3,404	72%	21,604	22,622	(5%)	34,228
Net loss	(1,995)	(2,194)	9%	(6,866)	(6,885)	-	29,320
-basic and diluted net loss per share	(0.06)	(0.06)	-	(0.20)	(0.20)	-	1.24
Weighted average number of shares							
-basic	33,843,022	33,843,009	-	33,843,018	33,841,864	-	23,581,155
-diluted	33,843,022	33,843,009	-	33,843,018	33,841,864	-	23,581,735
Outstanding common shares as at period end	33,843,022	33,843,009	-	33,843,022	33,843,009	-	33,841,318
Operating Highlights[(2)]							
Contract Drilling							
Canadian Operations							
Operating Days	986	833	18%	3,710	3,575	4%	3,241
Revenue per Operating Day[(1)]	35,081	35,211	-	33,092	33,328	(1%)	29,698
Drilling rig utilization	32%	27%	19%	30%	29%	3%	24%
CAOEC industry Operating Days[(3)]	15,696	14,527	8%	61,457	57,842	6%	58,835
United States Operations							
Operating Days	197	229	(14%)	743	1,072	(31%)	976
Revenue per Operating Day (US$)[(1)]	32,603	26,530	23%	30,621	30,861	(1%)	25,927
Drilling rig utilization	31%	36%	(14%)	29%	38%	(24%)	33%
Production Services							
Service Hours	13,750	15,712	(12%)	58,117	57,792	1%	67,077
Revenue per Service Hour[(1)]	1,010	1,017	(1%)	1,020	1,027	(1%)	943
Service rig utilization	34%	37%	(8%)	35%	34%	3%	41%

(1) See "Non-IFRS Measures and Ratios" on page 13 of this MD&A.

(2) See "Defined Terms" on page 15 of this MD&A.

(3) 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)	December 31, 2024	December 31, 2023	December 31, 2022
Working capital[(1)]	9,911	20,125	21,923
Total assets	430,981	442,933	475,708
Long-term debt - non current portion	96,325	111,174	126,527

(1) See "Non-IFRS Measures and Ratios" on page 13 of this MD&A.

Non-International Financial Reporting Standards ("Non-IFRS") measures and ratios, such as Adjusted EBITDA (as defined in this MD&A), Adjusted EBITDA as a percentage of revenue, revenue per Operating Day, revenue per Service Hour and Working Capital are defined on page 13 of this MD&A. Other defined terms, abbreviations and definitions for standard industry terms are included on page 15 of this MD&A.

Business Overview

Western is an energy services company that provides contract drilling services in Canada and in the United States ("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 Canadian Association of Energy Contractors ("CAOEC") registered drilling rigs.[1]

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

	As at December 31					
	2024			2023		
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" on page 15 of this MD&A.

(2) Source: CAOEC Contractor Summary as at February 26, 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 December 31	
Mast type	**2024**	**2023**
Single	27	30
Double	27	27
Slant	8	8
Total owned well servicing rigs	**62**	**65**

[1] Source: CAOEC Drilling Contractor Summary as at February 26, 2025.

[2] Source: CAOEC Well Servicing Fleet List as at February 26, 2025.

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, 2024 and 2023, and for the years ended December 31, 2024 and 2023.

	Three months ended December 31			Year ended December 31		
	2024	**2023**	**Change**	**2024**	**2023**	**Change**
Average crude oil and natural gas prices[(1)(2)]						
Crude Oil						
West Texas Intermediate (US$/bbl)	70.27	78.32	(10%)	75.73	77.63	(2%)
Western Canadian Select (CDN$/bbl)	81.32	76.86	6%	83.90	79.53	5%
Natural Gas						
30 day Spot AECO (CDN$/mcf)	1.54	2.39	(36%)	1.44	2.74	(47%)
Average foreign exchange rates[(2)]						
US dollar to Canadian dollar	1.40	1.36	3%	1.37	1.35	1%

(1) See "Abbreviations" on page 15 of this MD&A.

(2) Source: Sproule December 31, 2024, Price Forecast, Historical Prices.

- West Texas Intermediate ("WTI") on average decreased by 10% and 2% respectively, for the three months and year ended December 31, 2024 compared to the same periods in the prior year. In the fourth quarter of 2024, crude oil prices were impacted by higher oil production, while the year ended December 31, 2024 was impacted by weaker global demand and ongoing geopolitical conflicts in Eastern Europe and the Middle East.
- Pricing on Western Canadian Select crude oil improved by 6% and 5% respectively, for the three months and year ended December 31, 2024, compared to the same periods of the prior year.
- Natural gas prices in Canada declined in 2024 due to lower demand, as the 30-day spot AECO price decreased by 36% and 47% respectively, for the three months and year ended December 31, 2024, compared to the same periods of the prior year.
- The US dollar to the Canadian dollar foreign exchange rate for the three months and year ended December 31, 2024 strengthened by 3% and 1% respectively, compared to the same periods in the prior year.
- Lower WTI prices in 2024 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 589 rigs as at December 31, 2024 as compared to 622 rigs at December 31, 2023 and averaged 586 rigs during the fourth quarter of 2024, compared to 623 rigs in the fourth quarter of 2023. Similarly, the average number of active drilling rigs in the US decreased by approximately 13% for the year ended December 31, 2024 to average 599 rigs compared to 687 rigs in 2023.
- In Canada there were 136 active rigs in the Western Canadian Sedimentary Basin ("WCSB") at December 31, 2024, compared to 104 active rigs as at December 31, 2023, representing an increase of approximately 31%; however, the CAOEC[4] reported that for drilling in Canada, the total number of Operating Days in the WCSB for the three months ended December 31, 2024, were 8% higher than the same period in the prior year. Similarly, for the year ended December 31, 2024, the total number of Operating Days in the WCSB were 6% higher than the prior year.

Operational and Financial Highlights

Three Months Ended December 31, 2024

Financial Highlights:

- Fourth quarter revenue of $59.7 million in 2024 was $3.4 million (or 6%) higher than the fourth quarter of 2023, as higher contract drilling revenue in Canada was offset partially by lower production services revenue.
- The Company had a net loss of $2.0 million in the fourth quarter of 2024 ($0.06 net loss per basic common share) as compared to a net loss of $2.2 million in the fourth quarter of 2023 ($0.06 net loss per basic common share) as lower Adjusted EBITDA and higher income tax expense were offset by decreases in depreciation expense and finance costs.

[3] Source: Baker Hughes Company, 2024 Rig Count monthly press releases.

[4] Source: CAOEC, monthly Contractor Summary.

- Adjusted EBITDA of $10.3 million in the fourth quarter of 2024 was $3.1 million (or 23%) lower compared to $13.4 million in the fourth quarter of 2023, mainly due to one-time reorganization costs of $2.9 million. After normalizing for the one-time reorganization costs, Adjusted EBITDA in the fourth quarter of 2024 would have totalled $13.2 million, a decrease of $0.2 million due to lower production services activity in Canada, which was partially offset by higher drilling revenue in Canada and higher day rates in the US.
- Fourth quarter additions to property and equipment of $5.8 million in 2024 compared to $3.4 million in the fourth quarter of 2023, consisting of $1.5 million of expansion capital related to rig upgrades and $4.3 million of maintenance capital.

Operational Highlights:

- In Canada, Operating Days of 986 in the fourth quarter of 2024 were 153 days (or 18%) higher compared to 833 days in the fourth quarter of 2023. Drilling rig utilization in Canada was 32% in the fourth quarter of 2024, compared to 27% in the same period of the prior year, mainly due to improved demand for the Company's upgraded rig fleet.
- Revenue per Operating Day in Canada averaged $35,081 in the fourth quarter of 2024, which was consistent with the same period of the prior year.
- In the US, drilling rig utilization averaged 31% in the fourth quarter of 2024, compared to 36% in the fourth quarter of 2023, due to continued low industry activity in the US.
- Revenue per Operating Day in the US for the fourth quarter of 2024 averaged US$32,603, a 23% increase compared to US$26,530 in the same period of the prior year, mainly due to changes in rig mix.
- In Canada, service rig utilization was 34% in the fourth quarter of 2024, compared to 37% in the same period of the prior year, as Service Hours decreased by 12% to 13,750 hours from 15,712 hours in the same period of the prior year, as customers deferred their programs due to low natural gas prices or capital overspend from earlier in 2024.
- Revenue per Service Hour averaged $1,010 in the fourth quarter of 2024 and was 1% lower than the fourth quarter of 2023, due to area-specific rig requirements.
- Subsequent to December 31, 2024, on January 27, 2025, the Company announced that it extended the maturity date of its Second Lien Facility (as defined in this MD&A) from May 18, 2026 to May 18, 2027.

Year Ended December 31, 2024

Financial Highlights:

- Revenue for the year ended December 31, 2024, decreased by $10.4 million (or 4%), to $223.1 million compared to $233.5 million for the year ended December 31, 2023, as revenue was negatively impacted by lower activity in contract drilling in the US due to lower commodity prices in 2024 and lower third-party recoveries in Canada, offset partially by higher Operating Days in contract drilling in Canada.
- The Company had a net loss of $6.9 million for the year ended December 31, 2024 ($0.20 net loss per basic common share), consistent with a net loss of $6.9 million in the prior year ($0.20 net loss per basic common share). Net loss was unchanged year over year as the decreases in stock based compensation expense, finance costs and depreciation expense, were partially offset by a decrease in Adjusted EBITDA.
- Administrative expenses for the year ended December 31, 2024 were $5.9 million higher than 2023, mainly due to higher employee related costs including one-time reorganization costs of $5.7 million incurred in 2024.
- Adjusted EBITDA of $42.2 million for the year ended December 31, 2024 was $5.5 million (or 12%) lower compared to $47.7 million in 2023 and included one-time reorganization costs of $5.7 million. After normalizing for the one-time reorganization costs, Adjusted EBITDA for the year ended December 31, 2024 would have totalled $47.9 million, an increase of $0.2 million from 2023. Adjusted EBITDA in 2024 was comparable to the prior year as higher drilling activity in Canada was partially offset by lower drilling activity in the US.
- Additions to property and equipment of $21.6 million in 2024 compared to $22.6 million in 2023, consisting of $11.5 million of expansion capital related to rig upgrades and $10.1 million of maintenance capital.
- On August 7, 2024, the Company made a voluntary $10.0 million repayment on its Second Lien Facility (as defined in this MD&A) through available cash on hand and a draw on the Company's Credit Facilities (as defined in this MD&A).

Operational Highlights:

- In Canada, Operating Days of 3,710 days for the year ended December 31, 2024 were 135 days (or 4%) higher compared to 3,575 days for the year ended December 31, 2023. Drilling rig utilization in Canada was 30% for the year ended December 31, 2024, compared to 29% in the prior year, due to improved industry activity year over year.

- Revenue per Operating Day in Canada for the year ended December 31, 2024 averaged $33,092, which was 1% lower than the prior year mainly due to lower third-party recoveries in 2024, which were partially offset by higher day rates.
- In the US, drilling rig utilization averaged 29% for the year ended December 31, 2024, compared to 38% in the prior year.
- Revenue per Operating Day in the US for the year ended December 31, 2024, averaged US$30,621, a 1% decrease compared to US$30,861 in the prior year, mainly due to higher day rates which were offset by lower third-party recoveries in 2024 and higher mobilization revenue in 2023.
- In Canada, service rig utilization of 35% for the year ended December 31, 2024 was higher than 34% in the prior year with Service Hours increasing by 1% from 57,792 hours in 2023 to 58,117 hours in 2024.
- Revenue per Service Hour averaged $1,020 for the year ended December 31, 2024 and was 1% lower than the year ended December 31, 2023.

Outlook

In 2024, commodity prices were impacted in the short term by concerns surrounding demand due to continued uncertainty concerning the ongoing conflicts in Eastern Europe and in the Middle East. It is expected that these ongoing conflicts will continue to impact commodity prices in 2025 and events such as these contribute to the volatility of commodity prices. Additionally, the results of the 2024 presidential election in the US and the related changes in government policies, including potential tariffs on Canadian crude oil and natural gas exports to the US, as well as a potential change in Canadian government policies resulting from a federal election in 2025, creates 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. Additionally, the threatened shutdown and relocation of a portion of the Enbridge Line 5 pipeline and the challenge and notice of civil claim related to the Blueberry River First Nations agreement in British Columbia by the Treaty 8 nations contribute to continued uncertainty regarding takeaway capacity and resource development.

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 in 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, some optimism exists from the US tariff threats, as it may help realign the provinces in Canada on the importance of independence from the US, which could result in more energy projects receiving approval in Canada. 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 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, 20 of Western's drilling rigs and 21 of Western's well servicing rigs are operating.

As at December 31, 2024, Western had $4.4 million drawn on its Credit Facilities and $4.7 million outstanding on its committed term non-revolving facility (the "HSBC Facility"), which matures on December 31, 2026. As at December 31, 2024, Western had $88.3 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, 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 fleet in the WCSB has decreased from 387 drilling rigs at December 31, 2023 to 373 drilling rigs as of February

26, 2025, representing a decrease of 14 drilling rigs, or 4%, 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.

Review of Results for the Three Months and Year Ended December 31, 2024 – Segmented Information

Contract Drilling

Financial Highlights	**Three months ended December 31**			**Year ended December 31**		
(stated in thousands)	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
Revenue	43,606	37,688	16%	153,983	164,628	(6%)
Expenses						
Operating	30,826	26,462	16%	111,796	122,993	(9%)
Administrative	1,914	1,974	(3%)	8,447	7,720	9%
Adjusted EBITDA[(1)]	10,866	9,252	17%	33,740	33,915	(1%)
Adjusted EBITDA as a percentage of revenue[(1)]	25%	25%	-	22%	21%	5%
Operating Highlights[(2)]						
Canadian Operations						
Operating Days	986	833	18%	3,710	3,575	4%
Revenue per Operating Day[(1)]	35,081	35,211	-	33,092	33,328	(1%)
Drilling rig utilization	32%	27%	19%	30%	29%	3%
CAOEC industry Operating Days[(3)]	15,696	14,527	8%	61,457	57,842	6%
United States Operations						
Operating Days	197	229	(14%)	743	1,072	(31%)
Revenue per Operating Day (US$)[(1)]	32,603	26,530	23%	30,621	30,861	(1%)
Drilling rig utilization	31%	36%	(14%)	29%	38%	(24%)

(1) See "Non-IFRS Measures and Ratios" on page 13 of this MD&A.

(2) See "Defined Terms" on page 15 of this MD&A.

(3) Source: The CAOEC monthly Contractor Summary, calculated on a spud to rig release basis.

- For the fourth quarter of 2024, contract drilling revenue totalled $43.6 million, a $5.9 million, or 16%, increase as compared to the same period in the prior year due to improved industry activity in Canada, partially offset by lower activity in the US. For the year ended December 31, 2024, contract drilling revenue totalled $154.0 million, a $10.6 million, or 6%, decrease compared to the prior year as lower US activity throughout 2024 was only partially offset by higher activity in Canada. See "*Canadian Operations*" and "*United States Operations*" below.
- Administrative expenses for the fourth quarter of 2024 totalled $1.9 million and were $0.1 million (or 3%) lower than the same period in the prior year. For the year ended December 31, 2024, administrative expenses totalled $8.4 million and were $0.7 million, or 9%, higher than the same period of the prior year mainly due to one-time reorganization costs incurred of $0.5 million.
- Contract drilling Adjusted EBITDA of $10.9 million in the fourth quarter of 2024 was $1.6 million, or 17%, higher than $9.3 million in the fourth quarter of 2023, mainly due to higher contract drilling activity in Canada, which was offset partially by lower activity in the US and changes in rig mix in both the US and Canada. For the year ended December 31, 2024, contract drilling Adjusted EBITDA of $33.7 million was $0.2 million, or 1%, lower than $33.9 million in the prior year, mainly due to lower US activity and one-time reorganization costs in Canada of $0.5 million, which were offset partially by higher activity in Canada.

Canadian Operations

- Operating Days for the fourth quarter of 2024 of 986 days were 18% higher than 833 days in the same period of the prior year, compared to an 8% increase in CAOEC industry Operating Days, resulting in drilling rig utilization in Canada of 32% in 2024, compared to 27% in 2023. The increase in Operating Days for the fourth quarter of 2024 was mainly attributed to improved demand for the Company's drilling rig fleet.
- Operating Days of 3,710 for the year ended December 31, 2024 were 4% higher than 3,575 days for the year ended December 31, 2023, compared to a 6% increase in CAOEC industry Operating Days, resulting in drilling rig utilization in Canada of 30% in 2024, compared to 29% in 2023.

- For the three months ended December 31, 2024, revenue per Operating Day averaged $35,081 compared to $35,211 in the same period of the prior year. For the year ended December 31, 2024, revenue per Operating Day averaged $33,092, and was 1% lower than the same period of the prior year due to lower third-party recoveries.

United States Operations

- For the three months ended December 31, 2024, Operating Days in the US decreased by 14% to 197 days compared to 229 days in the same period of the prior year, which resulted in drilling rig utilization of 31% in the fourth quarter of 2024, compared to 36% in the fourth quarter of 2023. Average active industry rigs of 586[5] in the fourth quarter of 2024 were 6% lower compared to the fourth quarter of 2023 due to low natural gas prices.
- For the year ended December 31, 2024, Operating Days in the US decreased by 31% to 743 days, compared to 1,072 days in the prior year, which resulted in drilling rig utilization of 29% in 2024, compared to 38% utilization in 2023. Average active industry rigs of 599[5] for the year ended December 31, 2024, were 13% lower compared to the year ended December 31, 2023, as low natural gas prices continued to negatively impact industry activity.
- For the three months December 31, 2024, revenue per Operating Day increased by 23% averaging US$32,603 compared to US$26,530 due to changes in rig mix. For the year ended December 31, 2024, revenue per Operating Day decreased by 1% averaging US$30,621 compared to US$30,861 in 2023 mainly due to lower third-party recoveries in 2024 and higher mobilization revenue in 2023.

Production Services

Financial Highlights	Three months ended December 31			Year ended December 31		
(stated in thousands)	2024	2023	Change	2024	2023	Change
Revenue	16,241	18,641	(13%)	69,487	69,205	-
Expenses						
Operating	11,808	12,645	(7%)	47,226	46,851	1%
Administrative	1,400	1,043	34%	5,234	4,598	14%
Adjusted EBITDA(1)	3,033	4,953	(39%)	17,027	17,756	(4%)
Adjusted EBITDA as a percentage of revenue(1)	19%	27%	(30%)	25%	26%	(4%)
Operating Highlights(2)						
Service Hours	13,750	15,712	(12%)	58,117	57,792	1%
Revenue per Service Hour(1)	1,010	1,017	(1%)	1,020	1,027	(1%)
Service rig utilization	34%	37%	(8%)	35%	34%	3%

(1) See "Non-IFRS Measures and Ratios" on page 13 of this MD&A.

(2) See "Defined Terms" on page 15 of this MD&A.

- For the quarter ended December 31, 2024, production services revenue decreased by $2.4 million, or 13%, to $16.2 million, compared to the same period of the prior year due to lower industry activity resulting from customers delaying or deferring their programs due to low commodity prices and their capital budgets being spent earlier in the year. For the year ended December 31, 2024, production services revenue increased by $0.3 million, compared to the prior year. The increase in production services revenue for the year ended December 31, 2024, compared to the prior year, can be attributed to higher activity in the second quarter of 2024, offset by lower activity in the third and fourth quarters of 2024.
- For the three months ended December 31, 2024, Service Hours of 13,750 (34% utilization) were 12% lower than the same period of the prior year of 15,712 (37% utilization) due to customers deferring their programs due to low commodity prices.
- For the year ended December 31, 2024, Service Hours of 58,117 (35% utilization) were 1% higher than the prior year of 57,792 (34% utilization) as the second quarter of 2024 had higher industry activity due in part to favorable weather, which was offset by lower industry activity in the second half of the year.
- For the three months and year ended December 31, 2024, revenue per Service Hour averaged $1,010 and $1,020 respectively and were 1% lower than the same periods of 2023, due to area-specific rig requirements.

[5] Source: Baker Hughes Company, North America Quarterly Rig Count.

- For the three months ended December 31, 2024, administrative expenses were $0.4 million (or 34%) higher than the same period of the prior year. For the year ended December 31, 2024, administrative expenses were $0.6 million (or 14%) higher than the prior year. The increase for both the three months and year ended December 31, 2024 was mainly due to higher professional fees and higher employee-related costs.
- Adjusted EBITDA decreased for the three months ended December 31, 2024, by $2.0 million, or 39%, to $3.0 million, compared to $5.0 million in the same period of the prior year mainly due to lower industry activity as customers deferred their programs due to low commodity prices and higher repairs and maintenance costs. Adjusted EBITDA decreased for the year ended December 31, 2024 by $0.8 million, or 4%, to $17.0 million, compared to $17.8 million for the year ended December 31, 2023, as higher activity in the first and second quarters of 2024 were offset by lower activity in the second half of 2024.

Corporate

	Three months ended December 31			Year ended December 31		
(stated in thousands)	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
Expenses						
Administrative	3,583	835	329%	8,540	3,932	117%

- For the three months ended December 31, 2024, corporate administrative expenses totalled $3.6 million and were $2.8 million higher than the same period of the prior year due to $2.9 million of one-time reorganization costs incurred.
- For the year ended December 31, 2024, corporate administrative expenses totalled $8.5 million and were $4.6 million higher than the prior year mainly due to $5.1 million of one-time reorganization costs incurred in 2024.

Consolidated Other Expenses

	Three months ended December 31			Year ended December 31		
(stated in thousands)	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
Depreciation	10,378	11,333	(8%)	41,043	42,164	(3%)
Stock based compensation	374	549	(32%)	807	2,761	(71%)
Finance costs	2,427	2,687	(10%)	10,053	11,397	(12%)
Other items	(638)	1,447	(144%)	(1,094)	(315)	247%
Income tax recovery	(230)	(452)	(49%)	(1,716)	(1,383)	24%

- Depreciation expense for the three months and year ended December 31, 2024 totalled $10.4 million and $41.0 million respectively, compared to $11.3 million and $42.2 million respectively, in the same periods of the prior year. The decrease for both periods compared to the same periods in the prior year is due to assets being fully depreciated.
- Finance costs in the fourth quarter of 2024 of $2.4 million were $0.3 million lower than the same period of the prior year, mainly due to lower total debt levels resulting from Western's debt repayments made in 2023 and 2024 and represented an effective interest rate of 8.6% and was consistent with the same period of the prior year. For the year ended December 31, 2024, finance costs of $10.1 million were $1.3 million lower than the same period of the prior year, mainly due to lower total debt levels and represented an effective interest rate of 8.6%, which was the same as 2023.
- For both the three months and year ended December 31, 2024, other items relate to foreign exchange gains and losses and the sale of assets. Included in the year ended December 31, 2024 is the sale of two well servicing rig carriers for total proceeds of US$0.9 million with a gain recognized on the sale of fixed assets for $0.2 million.
- For the fourth quarter of 2024, the consolidated income tax recovery totalled $0.2 million, compared to a recovery of $0.5 million in the same period of the prior year. For the year ended December 31, 2024, the consolidated income tax recovery totalled $1.7 million, representing an effective tax rate of 20.0%, as compared to an effective tax rate of 16.7% in the same period of the prior year. The Company had no cash taxes payable for the three months and year ended December 31, 2024.

Liquidity and Capital Resources

The Company's liquidity requirements in the short and long term can be sourced in several ways including: available cash balances, funds from operations, borrowing against the Credit Facilities, new debt instruments, equity issuances and proceeds from the sale of assets. As at December 31, 2024, Western had working capital of $9.9 million compared to working capital of $20.1 million as at December 31, 2023.

During the year ended December 31, 2024, Western had the following changes to its cash balances, which resulted in a $2.1 million decrease in cash and cash equivalents in the year:

Cash and cash equivalents (stated in thousands)	
Opening balance, at December 31, 2023	5,930
Add:	
Adjusted EBITDA[(1)]	42,227
Change in non cash working capital	2,447
Proceeds on sale of property and equipment	1,931
Deduct:	
Additions to property and equipment	(21,604)
Principal repayment of Second Lien debt	(11,080)
Finance costs paid	(10,273)
Principal repayment of lease obligations	(2,821)
Principal repayment of HSBC Facility	(1,250)
Principal repayment of US paycheck protection plan	(1,032)
Repayment of Credit Facilities	(577)
Other items	(113)
Ending balance, at December 31, 2024	**3,785**

(1) See "Non-IFRS Measures and Ratios" on page 13 of this MD&A.

On January 27, 2025, the Company extended the maturity date of its Second Lien Facility from May 18, 2026 to May 18, 2027. As part of this extension, the maturity date of the Company's Credit Facilities (as defined in this MD&A) is automatically extended from November 18, 2025 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 Second Lien Facility and Credit Facilities remain unchanged and there were no changes to the Company's financial covenants, which are described in this MD&A. As at December 31, 2024, $4.4 million was drawn on the Company's $45.0 million Credit Facilities and $4.7 million was drawn on the HSBC Facility. Cash flow from operations and available Credit Facilities are expected to be sufficient to cover Western's financial obligations, including working capital requirements and 2025 budgeted capital expenditures.

Amounts borrowed under the Credit Facilities bear interest at the bank's Canadian prime rate or daily compounded Canadian overnight repo rate average ("CORRA"), as applicable, for borrowings in Canadian dollars, plus in each case an applicable margin depending on the ratio of Consolidated Debt to Consolidated EBITDA as defined by the Credit Facilities agreement. Consolidated EBITDA, as defined by the Credit Facilities agreement, differs from Adjusted EBITDA as defined under Non-IFRS Measures and Ratios on page 13 of this MD&A, by including certain items such as realized foreign exchange gains or losses and cash payments made on leases capitalized under IFRS 16 Leases. Copies of Western's Credit Facilities are available under the Company's SEDAR+ profile at www.sedarplus.ca.

The Credit Facilities are secured by the assets of Western and its subsidiary Stoneham Drilling Corporation. A summary of the Company's financial covenants at December 31, 2024 is as follows:

December 31, 2024	**Covenants**[(1)]
Maximum Consolidated Senior Debt to Consolidated EBITDA Ratio	3.0:1.0 or less
Maximum Consolidated Debt to Consolidated Capitalization Ratio	0.5:1.0 or less
Minimum Debt Service Coverage Ratio	1.15:1.0 or greater

(1) See covenant definitions in Note 10 of the December 31, 2024 consolidated financial statements.

At December 31, 2024, Western was in compliance with all covenants related to its Credit Facilities.

Summary of Quarterly Results

In addition to other market factors, Western's quarterly results are markedly affected by weather patterns throughout its operating areas. Historically, the first quarter of the calendar year is very active, followed by a much slower second quarter due to what is known in the Canadian oilfield service industry as "spring breakup" when, due to the spring thaw, provincial and county road bans restrict movement of heavy equipment. As a result of this, the variation of Western's results quarter over quarter, particularly between the first and second quarters, can be significant independent of other demand factors.

The following is a summary of selected financial information of the Company for the last eight completed quarters:

Three months ended (stated in thousands, except per share amounts)	**Dec 31, 2024**	**Sep 30, 2024**	**June 30, 2024**	**Mar 31, 2024**	**Dec 31, 2023**	**Sep 30, 2023**	**June 30, 2023**	**Mar 31, 2023**
Revenue	59,720	58,343	43,033	61,982	56,255	55,003	42,954	79,239
Adjusted EBITDA(1)	10,316	11,433	5,259	15,219	13,370	11,033	4,140	19,196
Cash flow from operating activities	14,332	5,404	19,260	7,802	6,268	13,267	25,373	6,445
Net income (loss)	(1,995)	(1,190)	(5,136)	1,455	(2,194)	(1,267)	(7,845)	4,421
per share - basic and diluted	(0.06)	(0.04)	(0.15)	0.04	(0.06)	(0.04)	(0.23)	0.13
Total assets	430,981	429,623	433,354	441,781	442,933	453,980	456,746	483,532
Long-term debt - non current portion	96,325	102,999	106,912	111,109	111,174	114,107	118,109	129,853

(1) See "Non-IFRS Measures and Ratios" on page 13 of this MD&A.

Revenue and Adjusted EBITDA were impacted by commodity prices and market uncertainty throughout the last eight quarters. In 2023, a significant decrease in commodity prices, the fear of a North American recession, concerns surrounding demand for crude oil due to weak global economic data, as well as the ongoing conflicts in Eastern Europe and in the Middle East impacted the energy services industry. In 2024, volatile commodity prices persisted, with low commodity prices in the first and third quarters, particularly natural gas prices, which resulted in instability with customer programs and lower industry activity.

Commitments

In the normal course of business, the Company incurs commitments related to its contractual obligations. The expected maturities of the Company's contractual obligations as at December 31, 2024 are as follows:

(stated in thousands)	**2025**	**2026**	**2027**	**2028**	**2029**	**Thereafter**	**Total**
Trade payables and other current liabilities (1)	23,707	-	-	-	-	-	23,707
Operating commitments (2)	5,565	769	769	769	769	372	9,013
Second Lien Facility principal (3)	1,080	1,080	86,101	-	-	-	88,261
Second Lien Facility interest	7,577	7,399	6,430	-	-	-	21,406
HSBC Facility principal	-	4,688	-	-	-	-	4,688
HSBC Facility interest	286	199	-	-	-	-	485
Lease obligations (4)	2,022	1,841	1,386	1,167	679	450	7,545
Revolving Facility (3)	-	3,000	-	-	-	-	3,000
Operating Facility (3)	-	1,423	-	-	-	-	1,423
PPP Loan	836	-	-	-	-	-	836
Total	**41,073**	**20,399**	**94,686**	**1,936**	**1,448**	**822**	**160,364**

(1) Trade payables and other current liabilities exclude interest accrued as at December 31, 2024 on the Second Lien Facility and the HSBC Facility which are stated separately.

(2) Operating commitments include purchase commitments, short term operating leases, and operating expenses associated with long term leases.

(3) Subsequent to December 31, 2024, on January 27, 2025, the Company extended the maturity of its Second Lien Facility to May 18, 2027, with an automatic one year extension to its Credit Facilities.

(4) Lease obligations represent the gross lease commitments to be paid over the term of the Company's outstanding long term leases.

Trade payables and other current liabilities:

The Company has recorded trade payables for amounts due to third parties which are expected to be paid within one year.

Operating commitments:

The Company has agreements in place to purchase certain capital and other operational items with third parties, as well as short-term leases with a term of less than one year, and operating expenses associated with long-term leases.

Second Lien Facility principal and interest:

The Company pays principal quarterly and interest semi-annually on January 1 and July 1. As noted previously in this MD&A, the Company's Second Lien Facility matures on May 18, 2027, following the extension signed on January 27, 2025.

HSBC Facility principal and interest:

The Company pays interest monthly on the HSBC Facility, which matures on December 31, 2026.

Lease obligations:

The Company has long-term debt relating to leased vehicles, as well as office and equipment leases. These leases run for terms greater than one year.

Credit Facilities:

The Company's Credit Facilities mature on the earlier of (i) six months prior to the maturity date of the Second Lien Facility, which is currently November 18, 2026 after the change to the maturity date noted previously, or (ii) March 22, 2027 if the Second Lien Facility is extended.

PPP loan:

The Company has a US Paycheck Protection Program ("PPP") loan obtained as part of the COVID-19 relief efforts in the US. The promissory loan has an interest rate of 1% per annum, will be repaid in equal monthly payments over the term of the loan and matures on August 7, 2025.

Western expects to source funds required for the above commitments from cash flow from operations.

Outstanding Share Data

	February 26, 2025	December 31, 2024	December 31, 2023
Common shares outstanding	33,843,022	33,843,022	33,843,009
Stock options outstanding	2,021,506	2,666,189	3,052,700
Restricted share units outstanding - equity settled	-	-	13

Off Balance Sheet Arrangements

As at December 31, 2024, Western had no off balance sheet arrangements in place.

Financial Risk Management

Interest Risk

The Company is exposed to interest rate risk on certain debt instruments, such as the Credit Facilities and the HSBC Facility, to the extent the prime or CORRA interest rate changes and/or the Company's interest rate margin changes. For the Credit Facilities and the HSBC Facility, a one percent change in interest rates would have had a $0.1 million impact on interest expense for the year ended December 31, 2024 (December 31, 2023: $0.1 million). Other long-term debt, such as the Second Lien Facility, PPP loan and the Company's lease obligations, have fixed interest rates; however, they are subject to interest rate fluctuations relating to refinancing.

Inflation Risk

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, 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.

Foreign Exchange Risk

The Company is exposed to foreign currency fluctuations in relation to its US dollar capital expenditures and operations. At December 31, 2024, portions of the Company's cash balances, trade and other receivables, trade payables and other current liabilities were denominated in US dollars and subject to foreign exchange fluctuations which are recorded within net income (loss). In addition, Stoneham, Western's US subsidiary, is subject to foreign currency translation adjustments upon consolidation, which is recorded separately within other comprehensive income (loss). For the year ended December 31, 2024, the increase or decrease in net income (loss) and other comprehensive income (loss) for each one percent change in foreign exchange rates between the Canada and US dollar is estimated to be less than $0.1 million and $0.6 million, respectively (December 31, 2023: less than $0.1 million and $0.6 million respectively).

Credit Risk

Credit risk arises from cash and cash equivalents held with banks and financial institutions, as well as credit exposure to customers in the form of outstanding trade and other receivables. The maximum exposure to credit risk is equal to the carrying amount of the financial assets which reflects management's assessment of the credit risk.

The Company's trade receivables are with customers in the energy industry and are subject to industry credit risk. For the three months and year ended December 31, 2024, the volatility in global demand for crude oil related to the conflicts in Eastern Europe and the Middle East, have had an impact on commodity prices which have an effect on the Company's customers. These factors are expected to have an impact on companies and their related credit risk. The Company's practice is to manage credit risk by performing a thorough analysis of the creditworthiness of new customers before credit terms are offered.

Additionally, the Company continually evaluates individual customer trade receivables for collectability considering payment history and aging of the trade receivables.

In accordance with IFRS 9, Financial Instruments, the Company evaluates the collectability of its trade and other receivables and its allowance for doubtful accounts at each reporting date. The Company records an allowance for doubtful accounts if an account is determined to be uncollectable. The allowance for doubtful accounts could materially change due to fluctuations in the financial position of the Company's customers.

The Company reviews its historical credit losses as part of its impairment assessment. The Company has had low historical impairment losses on its trade receivables, due in part to its credit management processes. As such, the Company assesses impairment losses on an individual customer account basis, rather than recognizing an impairment loss on all outstanding trade and other receivables. Subsequent to December 31, 2024, the Company has collected approximately 65% of its trade and other receivables that were outstanding at December 31, 2024.

Liquidity Risk

Liquidity risk is the exposure of the Company to the risk of not being able to meet its financial obligations as they become due. The Company manages liquidity risk through management of its capital structure, monitoring and reviewing actual and forecasted cash flows and the effect on bank covenants and maintaining unused credit facilities where possible to ensure there are available cash resources to meet the Company's liquidity needs. The Company's cash and cash equivalents, cash from operating activities, the Credit Facilities, the HSBC Facility, and the Second Lien Facility are expected to be greater than anticipated capital expenditures and the contractual maturities of the Company's financial liabilities. This expectation could be adversely affected by a material negative change in the energy service industry, which in turn could lead to covenant breaches on the Company's Credit Facilities, which if not amended or waived, could limit, in part, or in whole, the Company's access to the Credit Facilities and Second Lien Facility.

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

The Interim Chief Executive Officer ("CEO") and, Interim Chief Financial Officer ("CFO") of Western are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR") for the Company.

DC&P is designed to provide reasonable assurance that material information relating to the Company is made known to the CEO and CFO by others, particularly in the period in which the annual filings are being prepared, and that information required to be disclosed in documents filed with securities regulatory authorities is recorded, processed, summarized and reported within the time periods specified in securities legislation, and includes controls and procedures designed to ensure that such information is accumulated and communicated to the Company's management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure. ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

In accordance with the requirements of National Instrument 52-109 "Certification of Disclosure in Issuers' Annual and Interim Filings", an evaluation of the effectiveness of DC&P and ICFR was carried out under the supervision of the CEO and CFO at December 31, 2024. This evaluation was based on the framework established in the Internal Control – Integrated Framework (2013) issued in May 2013 by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, the CEO and CFO have concluded that the Company's ICFR are effective, and its DC&P are designed and operating effectively.

The Company's management, including the CEO and CFO, does not expect that the Company's DC&P and ICFR will prevent or detect all misstatements or instances of fraud. The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues, misstatements or instances of fraud, if any, within the Company have been detected.

There have been no changes to the Company's ICFR that occurred during the most recent interim period that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

Critical Accounting Estimates and Recent Developments

The accounting policies used in preparing the Company's financial statements are described in Note 3 of the Company's consolidated financial statements as at December 31, 2024 and for the years ended December 31, 2024 and 2023. There were no new accounting standards or amendments to existing standards adopted for the year ended December 31, 2024, that are expected to have a material impact on the Company's financial statements.

This MD&A of the Company's financial condition and results of operations is based on the consolidated financial statements as at and for the year ended December 31, 2024, which were prepared in accordance with IFRS. Conformity with IFRS requires management to make judgments, estimates and assumptions that are based on the facts, circumstances, and estimates at the date of the consolidated financial statements and affect the application of certain accounting policies and the reported amount of assets, liabilities, income and expenses.

The current economic environment and volatility in global demand for commodities results in uncertainty for the Company, which management took into consideration when applying judgments to estimates and assumptions in the condensed consolidated financial statements. A full list of critical accounting estimates is included in the Company's audited consolidated financial statements for the year ended December 31, 2024. Actual results may differ from the estimates used in preparing the consolidated financial statements.

Business Risks

Management has identified the primary risk factors that could potentially have a material impact on the financial results and operations of Western. Western's primary risk factors are included in the Company's annual information form ("AIF") for the year ended December 31, 2024 which is available under the Company's SEDAR+ profile at www.sedarplus.ca. Copies of the AIF may also be obtained on request without charge from Western by emailing ir@wesc.ca or through Western's website at www.wesc.ca.

Non-IFRS Measures and Ratios

Western uses certain financial measures in this MD&A which do not have any standardized meaning as prescribed by IFRS ("Non-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 MD&A to provide shareholders and potential investors with additional information regarding the Company. The Non-IFRS measures and ratios used in this MD&A 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 for consolidated results and on a segmented basis, income before income taxes, as the Company manages its income tax position on a legal entity basis, which can differ from its operating segments.

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 consolidated statements of operations and comprehensive loss, to Adjusted EBITDA:

	Three months ended December 31		Year ended December 31	
(stated in thousands)	**2024**	**2023**	**2024**	**2023**
Net loss	**(1,995)**	**(2,194)**	**(6,866)**	**(6,885)**
Income tax recovery	(230)	(452)	(1,716)	(1,383)
Loss before income taxes	**(2,225)**	**(2,646)**	**(8,582)**	**(8,268)**
Add (deduct):				
Depreciation	10,378	11,333	41,043	42,164
Stock based compensation	374	549	807	2,761
Finance costs	2,427	2,687	10,053	11,397
Other items	(638)	1,447	(1,094)	(315)
Adjusted EBITDA	**10,316**	**13,370**	**42,227**	**47,739**

The following table reconciles Adjusted EBITDA, defined previously, to operating earnings (loss) as disclosed in the consolidated financial statements for the three months and year ended December 31, 2024 and 2023:

	Three months ended December 31, 2024			
(stated in thousands)	**Contract Drilling**	**Production Services**	**Corporate**	**Total**
Adjusted EBITDA	10,866	3,033	(3,583)	10,316
Depreciation	(7,989)	(1,981)	(408)	(10,378)
Operating earnings (loss)	**2,877**	**1,052**	**(3,991)**	**(62)**

	Three months ended December 31, 2023			
(stated in thousands)	**Contract Drilling**	**Production Services**	**Corporate**	**Total**
Adjusted EBITDA	9,252	4,953	(835)	13,370
Depreciation	(8,621)	(2,233)	(479)	(11,333)
Operating earnings (loss)	**631**	**2,720**	**(1,314)**	**2,037**

	Year ended December 31, 2024			
(stated in thousands)	**Contract Drilling**	**Production Services**	**Corporate**	**Total**
Adjusted EBITDA	33,740	17,027	(8,540)	42,227
Depreciation	(31,200)	(8,284)	(1,559)	(41,043)
Operating earnings (loss)	**2,540**	**8,743**	**(10,099)**	**1,184**

	Year ended December 31, 2023			
(stated in thousands)	**Contract Drilling**	**Production Services**	**Corporate**	**Total**
Adjusted EBITDA	33,915	17,756	(3,932)	47,739
Depreciation	(31,393)	(8,941)	(1,830)	(42,164)
Operating earnings (loss)	**2,522**	**8,815**	**(5,762)**	**5,575**

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

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");
- Western Canadian Sedimentary Basin ("WCSB"); and
- West Texas Intermediate ("WTI").

Forward-Looking Statements and Information

This MD&A 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 MD&A 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; the potential shutdown and relocation of the Enbridge Line 5 pipeline; expectations of increased industry activity with respect to the Trans Mountain pipeline project, the Coastal GasLink pipeline project and the

LNG Canada facility; the expectation that the Coastal GasLink pipeline project will be online in 2025; the impact of the recent challenge and notice of civil claim related to the Blueberry River First Nations decision by the Treaty 8 nations; potential changes in government policies, including potential tariffs on Canadian crude oi and natural gas exports to the US and the impacts thereof, resulting from the 2024 presidential election in the US; potential changes in Canadian government policies resulting from a federal election in 2025; challenges facing the energy service industry; expectations regarding future drilling and well servicing activity; the Company's focus on debt reduction; the Company's ability to source its short and long term liquidity requirements; the Company's liquidity needs including the ability of current capital resources to cover Western's financial obligations; expectations with respect to capital expenditures; the methods by which the Company manages liquidity risk; the use, availability and sufficiency of the Company's Credit Facilities; the Company's ability to maintain certain covenants under its Credit Facilities; the repayment of the Company's debt, including the source of funds required to repay such debt; maturities of the Company's contractual obligations with third parties; the impact of changes in interest rates and foreign exchange rates; estimates with respect to foreign exchange rates; factors affecting companies with credit risk; the expectation of continued investment in the Canadian crude oil and natural gas industry; 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 activity levels for oilfield services; expectations with respect to increased drilling activity; the Company's ability to maintain a competitive advantage, including the factors and practices anticipated to produce and sustain such advantage; and forward-looking information contained under the headings "*Disclosure Controls and Procedures and Internal Controls Over Financial Reporting*", "*Business Risks*", "*Financial Risk Management"* and "*Critical Accounting Estimates and Recent Developments*".

The material assumptions that could cause results or events to differ from current expectations reflected in the forward-looking information in this MD&A 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 results of the 2024 presidential election in the US, 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 "*Business Risks*" herein and "*Risk Factors*" in Western's AIF 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 MD&A are made as of the date hereof and Western does not undertake any obligation to update publicly or revise any forward-looking statements and information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. Any forward-looking statements contained herein are expressly qualified by this cautionary statement.

Additional data

Additional information relating to Western, including the Company's AIF, is available under the Company's profile on SEDAR+ at www.sedarplus.ca.