WESTERN ENERGY SERVICES CORP.

Q2 2026

Second Quarter 2026 Management's Discussion and Analysis — Date: July 28, 2026

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 as at and for the years ended December 31, 2025 and 2024, management's discussion and analysis ("MD&A") for the year ended December 31, 2025, as well as the condensed consolidated financial statements and notes as at June 30, 2026 and for the three and six months ended June 30, 2026 and 2025. This MD&A is dated July 28, 2026. All amounts are denominated in Canadian dollars (CDN$) unless otherwise identified.

Financial Highlights	**Three months ended June 30**			**Six months ended June 30**		
(stated in thousands, except share and per share amounts)	**2026**	**2025**	**Change**	**2026**	**2025**	**Change**
Revenue	38,575	40,005	(4%)	93,831	109,015	(14%)
Adjusted EBITDA[1]	5,818	5,853	(1%)	18,177	19,929	(9%)
Adjusted EBITDA as a percentage of revenue[1]	15%	15%	-	19%	18%	6%
Cash flow from operating activities	23,487	19,804	19%	30,778	22,482	37%
Additions to property and equipment	5,013	5,954	(16%)	9,144	10,933	(16%)
Net loss	(4,000)	(4,585)	13%	(2,170)	(2,199)	1%
-basic and diluted net loss per share	(0.12)	(0.14)	14%	(0.06)	(0.06)	-
Weighted average number of shares						
-basic	33,850,753	33,843,022	-	33,847,099	33,843,022	-
-diluted	33,871,200	33,843,022	-	33,848,766	33,843,022	-
Outstanding common shares as at period end	33,853,178	33,843,022	-	33,853,178	33,843,022	-
Operating Highlights[2]						
Contract Drilling						
Canadian Operations						
Operating Days	791	764	4%	1,984	2,077	(4%)
Revenue per Operating Day[1]	30,896	32,709	(6%)	32,182	33,288	(3%)
Drilling rig utilization	31%	25%	24%	39%	34%	15%
CAOEC industry Operating Days[3]	12,643	10,407	21%	29,600	28,647	3%
United States Operations						
Operating Days	127	110	15%	208	277	(25%)
Revenue per Operating Day (US$)[1]	33,512	32,506	3%	34,001	29,759	14%
Drilling rig utilization	46%	17%	171%	38%	22%	73%
Contract Drilling Total						
Operating Days	918	874	5%	2,192	2,354	(7%)
Revenue per Operating Day[1]	33,048	34,251	(4%)	33,578	34,319	(2%)
Drilling rig utilization	33%	23%	43%	39%	32%	22%
Production Services						
Service Hours	6,997	7,693	(9%)	17,694	22,108	(20%)
Revenue per Service Hour[1]	944	1,025	(8%)	920	1,052	(13%)
Service rig utilization	24%	19%	26%	30%	27%	12%

(1) See "Non-IFRS Measures and Ratios" on page 14 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)	June 30, 2026	December 31, 2025	June 30, 2025
Working capital(1)	14,618	18,145	12,637
Total assets	362,150	378,647	407,791
Long-term debt - non current portion	70,459	80,997	89,057

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

Non-IFRS measures and ratios (as defined in this MD&A), such as Adjusted EBITDA (as defined in this MD&A), Adjusted EBITDA as a percentage of revenue, revenue per Operating Day, and revenue per Service Hour are defined on page 14 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 currently markets a fleet of 31 drilling rigs specifically suited for drilling complex horizontal wells across Canada and the US.

Western's marketed contract drilling rig fleet is comprised of the following:

	As at June 30					
	2026			2025		
Rig class(1)	**Canada**	**US**	**Total**	**Canada**	**US**	**Total**
ELR-1	4	3	7	4	3	7
ELR-2	1	-	1	-	-	-
ELR-3	5	-	5	5	-	5
Single Well	18	-	18	25	3	28
Total marketed drilling rigs	**28**	**3**	**31**	**34**	**6**	**40**

Marketed Contract Drilling Fleet by Rig Classification

Extended Lateral Reach ("ELR") rigs are designed to efficiently drill the longer horizontal wells commonly utilized in modern unconventional resource development. Western categorizes its drilling rigs according to operational capabilities, including hookload, mobility systems, pad drilling functionality and overall suitability for extended lateral drilling applications. These classifications are intended to provide additional information regarding the Company's fleet and are not standardized industry classifications.

ELR Class 1 rigs are Western's highest-specification pad drilling rigs, designed for large-scale multi-well developments. These rigs feature pad walking systems, suitcase-style umbilical systems and high hookloads.

ELR Class 2 rigs are designed for medium-scale pad developments with a focus on efficiency, reduced move times, and streamlined operations and feature pad moving systems, line-pipe umbilical systems and enhanced mobility characteristics.

ELR Class 3 rigs are ideal for smaller, less complex drilling programs and lower-intensity multi-well pad drilling applications where flexibility and footprint matter most and include moving systems that provide efficient rig relocation between wellbores on multi-well pads.

Single Well rigs are conventional drilling rigs without pad moving systems and are primarily deployed on single-well locations.

Production Services

Production services provides well servicing and oilfield equipment rentals in Canada. Western operates 45 well servicing rigs.

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

Owned well servicing rigs	As at June 30	
Mast type	**2026**	**2025**
Single	17	27
Double	25	27
Slant	3	8
Total marketed well servicing rigs	**45**	**62**

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 and six months ended June 30, 2026 and 2025:

	Three months ended June 30			Six months ended June 30		
	2026	**2025**	**Change**	**2026**	**2025**	**Change**
Average crude oil and natural gas prices(1)(2)						
Crude Oil						
West Texas Intermediate (US$/bbl)	92.99	63.74	46%	82.46	67.58	22%
Western Canadian Select (CDN$/bbl)	108.40	74.89	45%	93.55	79.65	17%
Natural Gas						
30 day Spot AECO (CDN$/mcf)	1.66	1.80	(8%)	1.86	2.00	(7%)
Average foreign exchange rates(2)						
US dollar to Canadian dollar	1.38	1.38	-	1.38	1.41	(2%)

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

(2) Source: Sproule June 30, 2026, Price Forecast, Historical Prices.

- West Texas Intermediate ("WTI") on average increased by 46% and 22% for the three and six months ended June 30, 2026 respectively, compared to the same periods in the prior year. In 2026, global oil prices increased following the escalation of conflict in the Middle East and the associated disruption to global supply routes.
- Pricing on Western Canadian Select crude oil increased by 45% and 17% for the three and six months ended June 30, 2026 respectively, compared to the same periods of the prior year.
- Natural gas prices in Canada were lower in the three and six months ended June 30, 2026, compared to the same periods in the prior year with the 30-day spot AECO price decreasing by 8% and 7% respectively.
- The US dollar to the Canadian dollar foreign exchange rate for the three months ended June 30, 2026 remained consistent with the same period in the prior year. For the six months ended June 30, 2026 the US dollar to the Canadian dollar foreign exchange rate weakened by 2% compared to the same period in the prior year.
- Higher WTI prices in the first half of 2026 did not contribute to an increase in industry average drilling activity in the US. As reported by Baker Hughes Company[1], the number of active drilling rigs averaged 551 rigs during the six months ended June 30, 2026, compared to 579 rigs in the same period of the prior year. As at June 30, 2026 there was 565 rigs active which is a 2% increase as compared to 554 rigs at June 30, 2025.
- In Canada there were 205 active rigs in the Western Canadian Sedimentary Basin ("WCSB") at June 30, 2026, compared to 157 active rigs as at June 30, 2025, representing a increase of approximately 31%; the CAOEC[2] reported that for drilling in Canada, the total number of Operating Days in the WCSB for the three months ended June 30, 2026, were 21% higher than the same period in the prior year, whereas the total number of Operating Days in the WSCB for the six months ended June 30, 2026 were 3% higher than the same period of the prior year.

Operational and Financial Highlights

Three Months Ended June 30, 2026

Financial Highlights:

- Second quarter revenue of $38.6 million in 2026 was $1.4 million (or 4%) lower than the second quarter of 2025, as lower production services revenue was partially offset by higher contract drilling revenue.
- Adjusted EBITDA of $5.8 million in the second quarter of 2026 was $0.1 million (or 1%) lower compared to $5.9 million in the second quarter of 2025, as lower revenue was offset by lower operating costs per day in the contract drilling division. Adjusted EBITDA for the second quarter of 2025 included one-time reorganization costs of $1.0 million.
- The Company incurred a net loss of $4.0 million in the second quarter of 2026 ($0.12 net loss per basic common share) as compared to a net loss of $4.6 million in the second quarter of 2025 ($0.14 net loss per basic common share) as lower finance costs and depreciation were offset by lower Adjusted EBITDA, gain on sale of assets, and higher stock-based compensation.

[1] Source: Baker Hughes Company, 2026 Rig Count monthly press releases.

[2] Source: CAOEC, monthly Contractor Summary.

- Second quarter additions to property and equipment of $5.0 million in 2026 compared to $6.0 million in the second quarter of 2025, consisting of $2.8 million of expansion capital related to ELR rig upgrades and $2.2 million of maintenance capital.

Operational Highlights:

- In Canada, Operating Days of 791 in the second quarter of 2026 were 27 days (or 4%) higher compared to 764 days in the second quarter of 2025. Drilling rig utilization in Canada was 31% in the second quarter of 2026, compared to 25% in the same period of the prior year, mainly due to improved industry activity as well as Western's decision to deregister six rigs from its drilling fleet in Canada as of December 31, 2025.
- Revenue per Operating Day in Canada averaged $30,896 in the second quarter of 2026, which was 6% lower than the same period of the prior year.
- In the US, drilling rig utilization averaged 46% in the second quarter of 2026, which was 171% higher than the second quarter of 2025. Operating Days of 127 in the second quarter of 2026 were 17 days (or 15%) higher compared to 110 days in the second quarter of 2025 due to improved oil prices in 2026. Western deregistered three rigs from its drilling fleet in the US as of December 31, 2025.
- Revenue per Operating Day in the US for the second quarter of 2026 averaged US$33,512, a 3% increase compared to US$32,506 in the same period of the prior year.
- In Canada, service rig utilization was 24% in the second quarter of 2026, compared to 19% in the same period of the prior year. Service Hours decreased by 9% to 6,997 hours from 7,693 hours in the same period of the prior year, mainly due to changes in customer programs and wet conditions in June 2026 deferring work into Q3. Western deregistered 17 service rigs from its well servicing fleet as of December 31, 2025.
- Revenue per Service Hour averaged $944 in the second quarter of 2026 and was 8% lower than the second quarter of 2025.
- On April 28, 2026, the Company announced that it extended the maturity date of its Second Lien Facility (as defined in this MD&A) from May 18, 2027 to July 18, 2028.
- On June 25, 2026, the Company reached an agreement to extend the maturity date of its Credit Facilities (as defined in this MD&A) to the earlier of (i) January 18, 2028, or (ii) June 25, 2029 if the Second Lien Facility is extended.

Six Months Ended June 30, 2026

Financial Highlights:

- Revenue for the six months ended June 30, 2026 of $93.8 million was $15.2 million (or 14%) lower than the same period in 2025, due to lower contract drilling and production services revenue.
- Adjusted EBITDA for the six months ended June 30, 2026 of $18.2 million was $1.7 million (or 9%) lower compared to $19.9 million in the same period of 2025, as the impact of reduced activity was offset by structural changes implemented throughout 2025 which led to cost savings across all divisions. Included in Adjusted EBITDA for the six months ended June 30, 2025, was $3.6 million of one-time reorganization costs.
- The Company incurred a net loss of $2.2 million in the first half of 2026 ($0.06 net loss per basic common share) as compared to a net loss of $2.2 million in the first half of 2025 ($0.06 net loss per basic common share) as a decrease in Adjusted EBITDA and higher stock-based compensation expense were offset by lower depreciation expense and finance costs.
- For the six months ended June 30, 2026, additions to property and equipment of $9.1 million compared to $10.9 million in the same period of the prior year, consisting of $4.5 million of expansion capital related to ELR rig upgrades and $4.6 million of maintenance capital.

Operational Highlights:

- In Canada, Operating Days of 1,984 for the six months ended June 30, 2026 were 93 days (or 4%) lower compared to 2,077 days in the same period of the prior year, mainly due to working through spring break up in 2025, which happened to a lesser extent in 2026. Drilling rig utilization in Canada was 39% in the first half of 2026, compared to 34% in the same period of the prior year.
- Revenue per Operating Day in Canada averaged $32,182 for the six months ended June 30, 2026, which was 3% lower compared to $33,288 in the same period of the prior year.

- In the US, drilling rig utilization averaged 38% for the six months ended June 30, 2026, which was higher than 22% in the same period in the prior year. Operating Days of 208 for the six months ended June 30, 2026 were 69 days (or 25%) lower compared to 277 days in the same period of the prior year.
- Revenue per Operating Day in the US for the six months ended June 30, 2026 averaged US$34,001 a 14% increase compared to US$29,759 in the same period of the prior year.
- In Canada, service rig utilization was 30% in the six months ended June 30, 2026, compared to 27% in the same period of the prior year. Service Hours decreased by 20% to 17,694 hours from 22,108 hours in the same period of the prior year, mainly due to changes in customer programs.
- Revenue per Service Hour averaged $920 in the first half of 2026 and was 13% lower than the same period in the prior year.

Outlook

As of the second quarter of 2026, industry fundamentals continue to support a cautiously constructive outlook. While oil markets remain supported, recent easing in geopolitical risk, particularly around Middle East supply concerns, has moderated pricing from earlier highs. Natural gas fundamentals remain mixed, with supply and storage levels continuing to influence pricing volatility. While broader producer spending programs have remained relatively stable, activity indicators suggest improving momentum in certain oil-weighted basins heading into the second half of the year, while gas-weighted activity remains more constrained.

Ongoing geopolitical instability in Eastern Europe and the Middle East, together with escalating trade tensions resulting from U.S. tariffs and retaliatory measures, continue to weigh on global economic conditions and market confidence. These macroeconomic factors are expected to contribute to ongoing volatility in commodity prices through 2026. The extent and duration of the impact of these conditions on Western's customers and operations remain uncertain.

Notwithstanding near-term challenges, Western is cautiously optimistic that heightened global trade tensions may increase focus on domestic energy security, potentially supporting investment in Canadian energy infrastructure and development. Government initiatives supporting energy infrastructure development and domestic energy security may further reinforce this trend.

To position the Company for long-term success, Western implemented several strategic initiatives in 2025, including a reorganization of senior leadership and further optimization of its asset portfolio. The Company exited U.S. operations outside North Dakota and deregistered certain inactive or non-strategic rigs in Canada and the United States, enabling capital and operating resources to be focused on its active fleet. Western remains committed to disciplined cost management, maintaining balance sheet strength, deleveraging and preserving operational flexibility. With an upgraded fleet, a focused operating footprint and continued industry rationalization within the WCSB, the Company believes it is well positioned to benefit from improvements in service demand and pricing. Currently, 18 of Western’s drilling rigs and 19 of Western’s well servicing rigs are operating.

Western's 2026 capital budget of $25 million reflects a balanced approach to maintenance and selective growth while allowing flexibility to adjust spending in response to customer activity. Over the medium term, Western expects its fleet to benefit from increased producer activity supported by growing Canadian LNG export capacity, expanding market access for Canadian hydrocarbons and broader initiatives aimed at strengthening domestic energy security.

Review of Results for the Quarter and Six Months Ended June 30, 2026 – Segmented Information

Contract Drilling

Financial Highlights	Three months ended June 30			Six months ended June 30		
(stated in thousands)	2026	2025	Change	2026	2025	Change
Revenue	30,338	29,935	1%	73,604	80,787	(9%)
Expenses						
Operating	21,531	22,440	(4%)	51,233	59,642	(14%)
Administrative	2,071	2,006	3%	4,334	4,022	8%
Adjusted EBITDA(1)	6,736	5,489	23%	18,037	17,123	5%
Adjusted EBITDA as a percentage of revenue(1)	22%	18%	22%	25%	21%	19%
Operating Highlights(2)						
Contract Drilling						
Operating Days	918	874	5%	2,192	2,354	(7%)
Revenue per Operating Day(1)	33,048	34,251	(4%)	33,578	34,319	(2%)
Drilling rig utilization	33%	23%	43%	39%	32%	22%

- For the second quarter of 2026, contract drilling revenue totalled $30.3 million, a $0.4 million (or 1%) increase as compared to the same period in the prior year. The increase for the three months ended June 30, 2026 is due to higher activity in the US due to improved commodity prices, offset by lower revenue in Canada due to lower day rates from a change in rig mix. For the six months ended June 30, 2026, contract drilling revenue totalled $73.6 million, a $7.2 million (or 9%) decrease as compared to the same period in the prior year. The decrease for the six months ended June 30, 2026 is due to lower drilling activity in Canada and in the US for the six month period.
- Administrative expenses for the three months ended June 30, 2026 totalled $2.1 million, a $0.1 million (or 3%) increase compared to the same period of the prior year. For the six months ended June 30, 2026, administrative expenses totalled $4.3 million and were $0.3 million (or 8%) higher than the same period in the prior year. The increase in the current year three and six month periods is due to higher employee costs.
- Contract drilling Adjusted EBITDA of $6.7 million in the second quarter of 2026 was $1.2 million (or 23%) higher than $5.5 million in the second quarter of 2025, mainly due to higher drilling activity in the US, and structural changes that led to operating cost savings in both Canada and the US. Adjusted EBITDA in the second quarter of 2025 included $0.6 million of one-time reorganization costs.
- For the six months ended June 30, 2026, contract drilling Adjusted EBITDA of $18.0 million was $0.9 million (or 5%) higher as structural changes implemented that led to operating cost savings in both Canada and the US more then offset the impact of lower contract drilling activity in Canada and in the US. Adjusted EBITDA for the six months ended June 30, 2025 included $2.1 million of one-time reorganization costs.
- Operating Days for the second quarter of 2026 of 918 days were 5% higher than 874 days in the same period of the prior year, resulting in drilling rig utilization of 33% in 2026, compared to 23% in 2025.
- Operating days for the six months ended June 30, 2026 of 2,192 days were 7% lower than 2,354 days in the same period of the prior year, resulting in drilling rig utilization of 39% in 2026, compared to 32% in 2025.
- For the three and six months ended June 30, 2026, revenue per Operating Day averaged $33,048 and $33,578 respectively, compared to $34,251 and $34,319 in the same periods of the prior year due to changes in rig mix.

Production Services

Financial Highlights (stated in thousands)	Three months ended June 30 2026	2025	Change	Six months ended June 30 2026	2025	Change
Revenue	8,274	10,152	(18%)	20,279	28,416	(29%)
Expenses						
Operating	7,036	8,123	(13%)	16,144	20,935	(23%)
Administrative	1,250	1,203	4%	2,456	2,690	(9%)
Adjusted EBITDA[1]	(12)	826	(101%)	1,679	4,791	(65%)
Adjusted EBITDA as a percentage of revenue[1]	0%	8%	(100%)	8%	17%	(53%)
Operating Highlights[2]						
Service Hours	6,997	7,693	(9%)	17,694	22,108	(20%)
Revenue per Service Hour[1]	944	1,025	(8%)	920	1,052	(13%)
Service rig utilization	24%	19%	26%	30%	27%	12%

(1) See "Non-IFRS Measures and Ratios" on page 14 of this MD&A.

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

- For the quarter ended June 30, 2026, production services revenue decreased by $1.9 million (or 18%) to $8.3 million, compared to the same period of the prior year. Similarly, for the six months ended June 30, 2026, production services revenue decreased by $8.1 million (or 29%) to $20.3 million, compared to the same period of the prior year. For both the three and six months ended June 30, 2026, the decrease was due to fewer Service Hours resulting from changes in customer programs that occurred in the back half of 2025, low natural gas prices, and an early spring break up combined with a wet June.
- For the three months ended June 30, 2026, Service Hours of 6,997 (24% utilization) were 9% lower than the same period of the prior year of 7,693 (19% utilization). For the six months ended June 30, 2026 Service Hours of 17,694 (30% utilization) were 20% lower than the same period of the prior year of 22,108 (27% utilization).
- For the three months ended June 30, 2026, revenue per Service Hour averaged $944 and was 8% lower than the same period of 2025. For the six months ended June 30, 2026, revenue per Service Hour averaged $920 and was 13% lower than the same period of the prior year.
- For the three months ended June 30, 2026, administrative expenses were $0.1 million (or 4%) higher than the same period of the prior year due to higher employee related expenses. For the six months ended June 30, 2026, administrative expenses were $0.2 million (or 9%) lower than the six months ended June 30, 2025 due to lower employee costs. Included in Q2 2025 was $0.6 million of one-time reorganization costs while the six months ended June 30, 2025 included $0.7 million of one-time reorganization costs.
- Adjusted EBITDA decreased for the three months ended June 30, 2026, by $0.8 million (or 101%) to $nil, compared to $0.8 million in the same period of the prior year. For the six months ended June 30, 2026, Adjusted EBITDA decreased by $3.1 million (or 65%) to $1.7 million, compared to $4.8 million in the same period of the prior year. The decrease in both periods was mainly due to customers program changes and low gas prices. This was partially offset by cost savings on a per hour basis resulting from structural changes.

Corporate

(stated in thousands)	Three months ended June 30 2026	2025	Change	Six months ended June 30 2026	2025	Change
Expenses						
Administrative	906	462	96%	1,539	1,985	(22%)

- For the three months ended June 30, 2026, corporate administrative expenses totalled $0.9 million and were $0.4 million higher than the same period of the prior year mainly due to higher employee related costs in 2026. For the six months ended June 30, 2026, corporate administrative expenses totalled $1.5 million and were $0.5 million lower than the same period of the prior year due to lower office expenses and recruitment costs. Included in the first six months of 2025 was $0.8 million of one-time reorganization costs.

Consolidated Other Expenses

	Three months ended June 30			Six months ended June 30		
(stated in thousands)	**2026**	**2025**	**Change**	**2026**	**2025**	**Change**
Depreciation	9,249	10,348	(11%)	18,585	20,391	(9%)
Stock based compensation	206	(238)	(187%)	505	(1,169)	(143%)
Finance costs	1,893	2,286	(17%)	3,906	4,639	(16%)
Other items	(618)	(950)	(35%)	(2,118)	(1,167)	81%
Income tax recovery	(912)	(1,008)	(10%)	(531)	(566)	(6%)

- Depreciation expense for the three months ended June 30, 2026 totalled $9.2 million compared to $10.3 million in the same period of the prior year. Depreciation expense for the six months ended June 30, 2026 totalled $18.6 million compared to $20.4 million in the same period of the prior year.
- Stock based compensation expense for the three months ended June 30, 2026 totalled $0.2 million compared to a recovery of $0.2 million in the same period of the prior year. For the six months ended June 30, 2026, stock based compensation totalled $0.5 million compared to a recovery of $1.2 million in the same period of the prior year, due to forfeiture recoveries related to one-time reorganization changes in 2025.
- Finance costs in the second quarter of 2026 of $1.9 million were $0.4 million lower than the same period of the prior year and represented an effective interest rate of 8.9%, compared to 8.7% in the second quarter of 2025. Similarly, finance costs for the six months ended June 30, 2026 of $3.9 million were $0.7 million lower than the same period of the prior year and represented an effective interest rate of 8.8%, compared to 8.5% in 2025. The decrease for both the three and six months ended June 30, 2026 was due to lower total debt levels resulting from Western's debt repayments.
- For the three and six months ended June 30, 2025, other items relate to foreign exchange gains and losses and the sale of assets.
- For the second quarter of 2026, the consolidated income tax recovery totalled $0.9 million, compared to a recovery of $1.0 million in the same period of the prior year, representing an effective tax rate of 17.1%, as compared to an effective tax rate of 18.0% in the same period of 2025. For the six months ended June 30, 2026, the consolidated income tax recovery totalled $0.5 million and represented an effective tax rate of 16.9%, compared to 20.5% in the same period of 2025 and a total recovery of $0.6 million. The Company had no cash taxes payable for the three or six months ended June 30, 2026.

Liquidity and Capital Resources

The Company's liquidity requirements in the short and long term can be sourced in several ways including: available cash and cash equivalents, cash flow from operating activities, borrowing against the Credit Facilities, new debt instruments, equity issuances and proceeds from the sale of assets. As at June 30, 2026, Western had working capital of $14.6 million compared to working capital of $18.1 million as at December 31, 2025.

During the six months ended June 30, 2026, Western had the following changes to its cash balances in the period, which resulted in a $8.2 million increase in cash and cash equivalents in the period:

Cash and cash equivalents (stated in thousands)	
Opening balance, at December 31, 2025	2,657
Add:	
Adjusted EBITDA(1)	18,177
Proceeds on sale of property and equipment	4,371
Change in non cash working capital	12,421
Proceeds from exercise of stock options	28
Deduct:	
Additions to property and equipment	(9,144)
Principal repayment of Second Lien debt	(10,540)
Finance costs paid	(4,340)
Principal repayment of lease obligations	(1,080)
Repayment of Credit Facilities	(293)
Principal repayment of HSBC Facility	(625)
Other items	(743)
Ending balance, at June 30, 2026	**10,889**

(1) See "Non-IFRS Measures and Ratios" on page 14 of this MD&A.

As at June 30, 2026, Western had a total of $nil drawn on its $35.0 million syndicated revolving credit facility (the "Revolving Facility") and its $10.0 million committed operating facility (the "Operating Facility" and together the "Credit Facilities"), which mature on the earlier of (i) January 18, 2028, or (ii) June 25, 2029 if the Second Lien Facility is extended, and $2.8 million outstanding on its committed term non-revolving facility (the "HSBC Facility"), which matures on December 31, 2026. As at June 30, 2026, Western had $71.6 million outstanding on its second lien secured term loan with Alberta Investment Management Corporation (the "Second Lien Facility"), which matures on July 18, 2028 after the extension announced on April 28, 2026. During the second quarter of 2026, the Company made a voluntary prepayment of $5.0 million on its Second Lien Facility and has made $10.0 million of voluntary payments to date in 2026.

Cash flow from operating activities and available Credit Facilities are expected to be sufficient to cover Western's financial obligations, including working capital requirements and 2026 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 14 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 agreements 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 ("Stoneham"). A summary of the Company's financial covenants at June 30, 2026 is as follows:

June 30, 2026	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 8 of the June 30, 2026 condensed consolidated financial statements.

At June 30, 2026, 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)	Jun 30, 2026	Mar 31, 2026	Dec 31, 2025	Sep 30, 2025	Jun 30, 2025	Mar 31, 2025	Dec 31, 2024	Sep 30, 2024
Revenue	38,575	55,257	58,452	50,035	40,005	69,010	59,720	58,343
Adjusted EBITDA [1]	5,818	12,361	15,433	13,062	5,853	14,076	10,316	11,433
Cash flow from operating activities	23,487	7,291	10,040	8,452	19,804	2,678	14,332	5,404
Net income (loss)	(4,000)	1,832	(21,186)	(2,242)	(4,585)	2,386	(1,995)	(1,190)
per share - basic and diluted	(0.12)	0.05	(0.63)	(0.07)	(0.14)	0.07	(0.06)	(0.04)
Total assets	362,150	374,094	378,647	405,949	407,791	438,232	430,981	429,623
Long-term debt - non current portion	70,459	75,790	80,997	90,445	89,057	102,193	91,657	102,999

(1) See "Non-IFRS Measures and Ratios" on page 14 of this MD&A.

Revenue and Adjusted EBITDA were impacted by commodity prices and market uncertainty throughout the last eight quarters. 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. In 2025, in addition to the ongoing conflicts in Eastern Europe and the Middle East, import tariffs announced by the US government resulted in market volatility. In 2026, global oil prices increased following the escalation of conflict in the Middle East and the associated disruption to global supply routes. Easing of this geopolitical risk in Q2 2026 has moderated pricing from earlier highs. Operators have maintained a measured capital allocation approach throughout the year due to significant uncertainty regarding the duration, severity, and long-term impact of the conflict.

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 June 30, 2026 are as follows:

(stated in thousands)	2026	2027	2028	2029	2030	Thereafter	Total
Trade payables and other current liabilities (1)	14,619	-	-	-	-	-	14,619
Operating commitments (2)	6,190	789	787	786	380	-	8,932
Second Lien Facility principal	540	1,080	70,022	-	-	-	71,642
Second Lien Facility interest	3,270	6,032	6,263	-	-	-	15,565
HSBC Facility principal	2,813	-	-	-	-	-	2,813
HSBC Facility interest	86	-	-	-	-	-	86
Lease obligations (3)	1,038	2,327	2,019	1,519	1,096	461	8,460
Total	**28,556**	**10,228**	**79,091**	**2,305**	**1,476**	**461**	**122,117**

(1) Trade payables and other current liabilities exclude interest accrued as at June 30, 2026 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) 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. The Company's Second Lien Facility matures on July 18, 2028.

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) January 18, 2028, or (ii) June 25, 2029 if the Second Lien Facility is extended.

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

Outstanding Share Data

	July 28, 2026	June 30, 2026	December 31, 2025
Common shares outstanding	33,853,178	33,853,178	33,843,022
Stock options outstanding	930,711	930,711	1,108,921

Off Balance Sheet Arrangements

As at June 30, 2026, 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. Other long-term debt, such as the Second Lien Facility 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 June 30, 2026, 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).

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.

The Company's practice is to manage credit risk by performing a thorough analysis of the creditworthiness of new customers by reviewing their financial position before credit terms are offered. In some cases, the Company may request prepayment before services are provided to help minimize credit risk. 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.

The following table provides an analysis of the Company's trade and other receivables as at June 30, 2026 and December 31, 2025:

Balances at (stated in thousands)	**June 30, 2026**	**December 31, 2025**
Trade receivables	21,432	36,483
Accrued trade receivables	5,274	4,517
Other receivables	362	541
Allowance for doubtful accounts	(1,908)	(1,840)
Total	**25,160**	**39,701**

For the three months ended June 30, 2026, the Company had two customers comprising 14.2% and 10.0%, respectively, of the Company's total revenue. The trade receivable balance outstanding related to the significant customers for 2026 were 9.5% and 6.8% respectively, of the Company's total trade and other receivables as at June 30, 2026. One significant customer from the second quarter of 2026 was also a significant customer for the six months ended June 30, 2026, comprising 11.8% of the Company's total revenue. For the three months ended June 30, 2025, the Company had three customers comprising 17.0%, 12.0%, and 11.0% respectively, of the Company's total revenue. The trade receivable balance outstanding related to the significant customers for 2025 were 10.0%, 10.9%, and 11.8% respectively, of the Company's total trade and other receivables as at June 30, 2025. One of the significant customers from the second quarter of 2025 was also a significant customer for the six months ended June 30, 2025, comprising 13.7% of the Company's total revenue. There was one significant customer for the year ended December 31, 2025 comprising 10.6% of total revenue and 6.2% of the Company's total trade and other receivables as at December 31, 2025.

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 flow 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

As Western's common shares trade on the Toronto Stock Exchange, pursuant to National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company have certified as at June 30, 2026 that they have designed, or caused to be designed under their supervision, disclosure controls and procedures ("DC&P") to provide reasonable assurance that: (i) material information relating to the Company, including its consolidated subsidiaries, is made known to the CEO and the CFO by others within those entities, particularly during the periods in which the interim filings of the Company are being prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

The CEO and CFO do not expect that the DC&P will prevent or detect all errors, misstatements and fraud but are designed to provide reasonable assurance of achieving their objectives. A control system, no matter how well designed or operated, can only provide reasonable, but not absolute, assurance that the objectives of the control system are met. In addition to DC&P, the CEO and CFO have designed internal controls over financial reporting, or caused them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

During the three and six months ended June 30, 2026, there were no changes in internal control over financial reporting that materially affected, or are reasonably likely to materially affect, Western's internal control over financial reporting.

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, 2025 and for the years ended December 31, 2025 and 2024. There were no new accounting standards or amendments to existing standards adopted in the three and six months ended June 30, 2026, 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 condensed consolidated financial statements as at and for the three and six months ended June 30, 2026, 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, 2025. 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, 2025 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 WesternEnergy.com.

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

	Three months ended June 30		Six months ended June 30	
(stated in thousands)	**2026**	**2025**	**2026**	**2025**
Net loss	**(4,000)**	**(4,585)**	**(2,170)**	**(2,199)**
Income tax recovery	(912)	(1,008)	(531)	(566)
Loss before income taxes	**(4,912)**	**(5,593)**	**(2,701)**	**(2,765)**
Add (deduct):				
Depreciation	9,249	10,348	18,585	20,391
Stock based compensation	206	(238)	505	(1,169)
Finance costs	1,893	2,286	3,906	4,639
Other items	(618)	(950)	(2,118)	(1,167)
Adjusted EBITDA	**5,818**	**5,853**	**18,177**	**19,929**

The following table reconciles Adjusted EBITDA, defined previously, to operating earnings (loss) as disclosed in the condensed consolidated financial statements for the three and six months ended June 30, 2026 and 2025:

	Three months ended June 30, 2026			
(stated in thousands)	**Contract Drilling**	**Production Services**	**Corporate**	**Total**
Adjusted EBITDA	6,736	(12)	(906)	5,818
Depreciation	(7,146)	(1,779)	(324)	(9,249)
Operating earnings (loss)	**(410)**	**(1,791)**	**(1,230)**	**(3,431)**

	Three months ended June 30, 2025			
(stated in thousands)	**Contract Drilling**	**Production Services**	**Corporate**	**Total**
Adjusted EBITDA	5,489	826	(462)	5,853
Depreciation	(8,129)	(1,908)	(311)	(10,348)
Operating earnings (loss)	**(2,640)**	**(1,082)**	**(773)**	**(4,495)**

				Six months ended June 30, 2026
(stated in thousands)	**Contract Drilling**	**Production Services**	**Corporate**	**Total**
Adjusted EBITDA	18,037	1,679	(1,539)	18,177
Depreciation	(14,423)	(3,521)	(641)	(18,585)
Operating earnings (loss)	**3,614**	**(1,842)**	**(2,180)**	**(408)**

				Six months ended June 30, 2025
(stated in thousands)	**Contract Drilling**	**Production Services**	**Corporate**	**Total**
Adjusted EBITDA	17,123	4,791	(1,985)	19,929
Depreciation	(15,739)	(3,883)	(769)	(20,391)
Operating earnings (loss)	**1,384**	**908**	**(2,754)**	**(462)**

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.

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 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. 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; expectations regarding future drilling and well servicing activity; expectations with respect to customer spending; the impact of a reduced industry rig count and Western's upgraded drilling rigs; the potential impact of the ongoing geopolitical instability in Eastern Europe, the Middle East and Venezuela on crude oil prices; the Company's capital budget for 2026, including the allocation of such budget; Western's plans for managing its capital program; expectations of continued investment in the Canadian crude oil and natural gas industry and increased industry activity associated with major Canadian infrastructure projects, including the Trans Mountain pipeline project and the LNG Canada liquified natural gas project and broader initiatives supporting domestic energy security and economic independence; the impact of the US tariffs and retaliatory measures on global economic conditions and market confidence; the Company's ability to continue to focus on deleveraging the business; 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 and 2026 budgeted capital expenditures; 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 commodity prices, inflation, interest rates and foreign exchange rates; 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 Company's 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 business segments to access equipment; global economic conditions and the accuracy of the Company's market outlook expectations for 2026 and in the future; that global trade tensions may increase focus on domestic energy security, supporting accelerated infrastructure development; 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, the uncertain economic and political environment in Venezuela, 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, the Middle East and Venezuela 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, 2025, which is available under the Company's SEDAR+ profile at www.sedarplus.ca.

The forward-looking 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 information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. Any forward-looking information 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.