SECURITIES AND EXCHANGE COMMISSION

FORM F-7

Registration statement for securities of certain Canadian issuers offered for cash upon the exercise of rights granted to existing security holders under the Securities Act of 1933

Filing Date: **2022-03-30**

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FILER

Western Energy Services Corp.

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As filed with the Securities and Exchange Commission on March 30, 2022
Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM F-7

REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

WESTERN ENERGY SERVICES CORP.

(Exact name of Registrant as specified in its charter)

Alberta	**1381**	**Not Applicable**
(Province or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

Suite 1700, 215 – 9th Avenue SW
Calgary, Alberta
Canada T2P 1K3
Telephone Number: (403) 984-5916
(Address and telephone number of Registrant's principal executive offices)

Puglisi & Associates
850 Library Avenue, Suite 204
Newark, DE 19711
Telephone: 302-738-6680
(Name, address and telephone number of agent for service in the United States)

Copies to:

Daniel McLeod	**Shona Smith**
Blake, Cassels & Graydon LLP	**Troutman Pepper Hamilton Sanders LLP**
855 – 2 Street S.W., Suite 3500	**100 SW Main Street, Suite 1000**
Calgary, Alberta	**Portland, Oregon 97204**
Canada T2P 4J8	**United States**
Tel: (403) 260-9629	**Tel: (503) 290-2335**

Approximate date of commencement of proposed sale of the securities to the public:

As soon as practicable after the filing of the next amendment to this registration statement.

This registration statement and any amendment thereto shall become effective upon filing with the Commission in accordance with Rule 467(a).

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to the home jurisdiction's shelf prospectus offering procedures, check the following box:☐

CALCULATION OF FILING FEE TABLES

FORM F-7
(Form Type)

WESTERN ENERGY SERVICES CORP.
(Exact Name of Registrant as Specified in its Charter)

Table 1: Newly Registered Securities

Security Type	Security Class Title	Fee Calculation Rule	Amount Registered	Proposed Maximum Offering Price Per Common Share(1)(2)	Proposed Maximum Aggregate Offering Price(1)(2)	Fee Rate	Amount of Registration Fee(1)(2)
Equity	Common Shares, no par value	General Instruction II.F of Form F-7		US$	US$ 25,196,850	$92.70 per million dollars	US$ 2,336
		Total Offering Amounts			US$ 25,196,850		US$ 2,336
		Total Fee Offsets					
		Net Fee Due					US$ 2,336

(1) Based on the daily average exchange rate for Canadian dollars published by the Bank of Canada on March 25, 2022 of Cdn$1.00 = US$0.7999. Represents a price of Cdn$31,50,000 per share and maximum aggregate offering proceeds of Cdn$31,500,000.

(2) Calculated in accordance with General Instruction II.F of Form F-7.

If, as a result of stock splits, stock dividends or similar transactions, the number of securities purported to be registered on this registration statement changes, the provisions of Rule 416 shall apply to this registration statement.

PART I

INFORMATION REQUIRED TO BE SENT TO SHAREHOLDERS

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

IF YOU ARE A REGISTERED SHAREHOLDER AND RESIDENT IN AN ELIGIBLE JURISDICTION (AS DEFINED HEREIN), YOUR RIGHTS CERTIFICATE IS ENCLOSED. READ THIS MATERIAL CAREFULLY AS YOU ARE REQUIRED TO MAKE A DECISION PRIOR TO 5:00 P.M. (TORONTO TIME) ON THE EXPIRY DATE.

This preliminary short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

*This preliminary short form prospectus shall not constitute an offer to sell in any jurisdiction (an "**Ineligible Jurisdiction**") other than the Eligible Jurisdictions (as defined herein) or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The Offered Securities (as defined herein) are not being distributed or offered to Shareholders in any Ineligible*

*Jurisdiction and, except under the circumstances described herein, Rights may not be exercised by or on behalf of a holder of Rights resident in an Ineligible Jurisdiction (an "**Ineligible Holder**").*

Information has been incorporated by reference in this preliminary short form prospectus from documents filed with securities commissions or similar authorities in Canada. *Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Western Energy Services Corp. at #1700, 215 – 9th Avenue SW, Calgary, AB, T2P 1K3, by telephone at (403) 984-5916, and are also available electronically at www.sedar.com.*

PRELIMINARY SHORT FORM PROSPECTUS

Rights Offering March 29, 2022

WESTERN ENERGY SERVICES CORP.

C$31,500,000.00
Offering of Rights to subscribe for up to [●] Common Shares
at a Subscription Price of C$[●] per Common Share

Western Energy Services Corp. ("**we**", "**us**", "**our**", "**Western**" or the "**Company**") is distributing to the holders of its outstanding common shares (the "**Common Shares**") of record ("**Shareholders**") as at 5:00 p.m. (Toronto time) on **[●]**, 2022 (the "**Record Date**") one right (the "**Right**") for each Common Share held, which Rights, collectively, will entitle the Shareholders to subscribe for up to an aggregate of **[●]** Common Shares for gross proceeds of approximately C$31,500,000.00 (the "**Proceeds**"), assuming the exercise of all Rights (the "**Rights Offering**").

A portion of the Proceeds will be used to repay $10,000,000 of principal due to Alberta Investment Management Corporation ("**AIMCo**"), as lender, under the Company's second lien senior secured five-year 7.25% term loan facility dated October 17, 2017, as amended (the "**Second Lien Facility**") pursuant to the terms of the Debt Restructuring Agreement (as defined herein). See "*Debt Restructuring Agreement*".

Under the Rights Offering, each Shareholder is entitled to receive one Right for each Common Share held on the Record Date (subject to certain restrictions applicable to Shareholders who are not resident in an Eligible Jurisdiction, as described in greater detail below). The Rights will be evidenced by transferable certificates in registered form (the "**Rights Certificates**"). Each Right entitles an Eligible Holder (as defined herein) to purchase **[●]** Common Shares (the "**Basic Subscription Privilege**") at a price of C$**[●]** per Common Share (the "**Subscription Price**") prior to 5:00 p.m. (Toronto time) (the "**Expiry Time**") on **[●]**, 2022 (the "**Expiry Date**"). Where the exercise of Rights would otherwise entitle a holder of Rights to receive fractional Common Shares, the holder's entitlement will be reduced to the next lowest whole number of Common Shares. The Company will not issue fractional Common Shares or pay cash in lieu thereof.

The Rights will also entitle any Shareholder who fully exercises the Basic Subscription Privilege attached to their Rights to subscribe for additional Common Shares (the "**Additional Common Shares**") if available, pursuant to the Additional Subscription Privilege (as defined herein). See "*Description of Offered Securities – Additional Subscription Privilege".*

Subject to statutory withdrawal rights, any subscription for Common Shares will be irrevocable once submitted. However, in the event the Rights Offering is terminated prior to the Closing Date, including in the event the Company does not receive funds from the Standby Purchasers (as defined herein) or the Standby Purchase Agreement (as defined herein) is otherwise terminated, the Subscription Agent will return all subscription funds delivered by Subscribers without interest or deduction, whether under the Basic Subscription Privilege or Additional Subscription Privilege (as defined herein).

RIGHTS NOT EXERCISED BEFORE THE EXPIRY TIME WILL BE VOID AND OF NO VALUE.

Under the Rights Offering, any Rights that would otherwise be distributed by the Company to Shareholders who are not resident in an Eligible Jurisdiction, other than Shareholders who become Approved Eligible Holders (as defined herein), will instead be delivered to the Subscription Agent, who will hold such Rights as agent for the benefit of all such Ineligible Holders until and unless such Ineligible Holder becomes an Approved Eligible Holder. In the event such Ineligible Holders do not become Approved Eligible Holders, the Subscription Agent, for the account of such Ineligible Holders, will, prior to the Expiry Date, attempt to sell the Rights allocable to such Ineligible Holders and evidenced by Rights Certificates in the possession of the Subscription Agent, at such prices and otherwise in such manner as the Subscription Agent may determine in its sole discretion.

	Price to Shareholders	Net Proceeds to the Company
Per Common Share	C$ **[●]**	C$ **[●]**
Total	C$ 31,500,000(1)	C$ 21,500,000(2)

Notes:

(1) Before deducting the expenses of the Rights Offering, which will be paid from the proceeds thereof.

(2) After deducting the $10,000,000 payment on the Second Lien Facility pursuant to the Debt Restructuring Agreement (as defined herein).

Pursuant to the requirements of the Toronto Stock Exchange (the "TSX"), completion of the Rights Offering is not subject to raising a minimum amount of proceeds.

Standby Commitment

The Company entered into a standby purchase agreement dated March 21, 2022 (the "**Standby Purchase Agreement**") with G2S2 Capital Inc. ("**G2S2**"), which owns approximately 24.95% of the outstanding Common Shares, G2S2's wholly-owned subsidiary Armco Alberta Inc. ("**Armco**"), Matco Investments Ltd. ("**Matco**") and Mr. Ronald P. Mathison, who together with Matco owns approximately 19.93% of the outstanding Common Shares. Pursuant to the Standby Purchase Agreement, G2S2, Matco and Mr. Mathison have each agreed, subject to certain terms, conditions and limitations, to exercise their respective Basic Subscription Privilege in full for aggregate gross proceeds of approximately $**[●]**. In addition, each of G2S2, Armco and Matco (collectively, the "**Standby Purchasers**") have agreed to purchase that number of Common Shares at the Subscription Price equal to the difference, if any, between (x) the total number of Common Shares authorized to be issued on the Record Date pursuant to the exercise of Rights issued under the Rights Offering, and (y) the number of Common Shares subscribed for and taken up under the Rights Offering by holders of Rights pursuant to the Basic Subscription Privilege or Additional Subscription Privilege (such Common Shares being the "**Standby Shares**"). Pursuant to the terms of the Standby Purchase Agreement, G2S2 (or Armco on its behalf) has committed to subscribe for 55.6% of the Standby Shares and Matco has agreed to subscribe for 44.4% of the Standby Shares (collectively, the "**Standby Commitment**"). In addition, G2S2 has guaranteed the performance of Armco, including all payment obligations, in the event that Armco fulfils G2S2's Standby Commitment. The Standby Purchasers may terminate the Standby Purchase Agreement prior to the Closing Date in certain circumstances. See "*Standby Commitment*". This prospectus also qualifies the issuance of the Standby Shares.

If a Shareholder does not exercise all of its Rights pursuant to the Basic Subscription Privilege, the Shareholder's equity ownership in the Company will be diluted by the issuance of Common Shares upon the exercise of Rights by other Shareholders, and, if applicable, the purchase of Standby Shares by the Standby Purchasers, which dilution may be significant.

Even if they exercise their Basic Subscription Privilege in full, the shareholding percentage of the Company's Shareholders (other than AIMCo) will be significantly reduced upon the completion of the issuance of an additional [●] Common Shares to AIMCo pursuant to the Debt Conversion. The issuance of these additional Common Shares will result in AIMCo holding approximately [●]% of the Common Shares and will cause significant dilution to the Company's Shareholders on its own.

In the event that none of the holders of Rights (other than Mr. Mathison and the Standby Purchasers) exercises their Rights and all of the Common Shares issuable upon the exercise of Rights held by such holders are purchased by the Standby Purchasers as Standby Shares, an aggregate of **[●]** Common Shares will be acquired by the Standby Purchasers and Mr. Mathison and, following the completion of the Rights Offering, G2S2 (together with Common Shares held by Armco) will beneficially own **[●]** Common Shares and Matco (together with Common Shares held by Mr. Mathison personally) will beneficially own **[●]** Common Shares, representing approximately **[●]**% and **[●]**%, respectively, of the Common Shares estimated to be outstanding upon completion of the Rights Offering. If this occurs, holdings by public Shareholders (which excludes insiders) will be reduced to less than [●]% of the Company's issued and outstanding Common Shares upon the completion of the Rights Offering and the Debt Conversion. See "*Standby Commitment*", "*Debt Restructuring*" and "*Risk Factors*".

Debt Restructuring

Concurrent with the execution of the Standby Purchase Agreement on March 21, 2022, the Company entered into a debt restructuring agreement (the "**Debt Restructuring Agreement**") with AIMCo pursuant to which: (i) $10,000,000 of the Proceeds from the Rights Offering will be applied to the outstanding principal under the Second Lien Facility; (ii) immediately upon completion of the Rights Offering, and, if necessary, the Standby Commitment and satisfaction of the other conditions under the Debt Restructuring Agreement, $100,000,000 of the principal amount of the Second Lien Facility principal will be converted into Common Shares (the "**Debt Conversion**") at a conversion price of $**[●]** per Common Share (the "**Conversion Price**"); and (iii) the Second Lien Facility will be amended as described under " *Debt Restructuring Agreement*" (collectively, the "**Debt Restructuring**").

The Debt Conversion is being implemented to significantly reduce the Company's debt burden. The Debt Conversion will be completed pursuant to an exemption from prospectus requirements and will result in the issuance to AIMCo of approximately **[●]** Common Shares. AIMCo currently holds approximately 19.18% of the Common Shares and is resident in an Eligible Jurisdiction. Pursuant to the Debt Restructuring Agreement, AIMCo has agreed not to exercise any of its Rights in the Rights Offering. Assuming it does not exercise any Rights, AIMCo will beneficially own **[●]** Common Shares, representing **[●]**% of the Company's Common Shares following completion of the Restructuring Transactions (as defined herein). As a result, the Restructuring Transactions will materially alter the control of the Company given that AIMCo is expected to become a control person thereof. See "*Use of Proceeds*" and "*Debt Restructuring*".

In connection with the Restructuring Transactions, the Company, AIMCo, Mr. Mathison and the Standby Purchasers will enter into the Investor Rights Agreement (as defined herein) pursuant to which AIMCo will be granted representation on the Board through the ability to nominate two directors. Under the terms thereof, Mr. Mathison and the Standby Purchasers will agree not to vote against or withhold votes from the AIMCo nominees, in each case provided that AIMCo beneficially owns or controls at least 30% of the outstanding Common Shares. In addition, AIMCo will enter into the Registration Rights Agreement (as defined herein) with the Company, pursuant to which it will be granted demand and piggyback distribution rights whereby the Company agrees to facilitate the resale of Common Shares by AIMCo by way of prospectus offering, subject to the restrictions and limitations set forth therein. See "*Investor Rights Agreement*" and "*Registration Rights Agreement*" for more details.

None of the Standby Purchasers nor AIMCo have been engaged as an underwriter in connection with the Rights Offering and neither the Standby Purchasers, nor AIMCo have been involved in the preparation of, or performed any review of, this Prospectus in the capacity of an underwriter. **No underwriter has been involved in the preparation of this Prospectus or performed any review of the contents of this Prospectus.**

This preliminary short form prospectus (the "**Prospectus**") qualifies the distribution of the Rights as well as the Common Shares issuable upon exercise of the Rights, and the Standby Shares (collectively, the "**Offered Securities**") in each of the provinces of Canada. This Prospectus also covers the offer and sale of the Common Shares issuable upon exercise of the Rights within the United States under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"). The provinces of Canada and the United States are collectively referred to in this prospectus as the "**Eligible Jurisdictions**". Notwithstanding registration under the U.S. Securities Act, the securities or blue sky laws of certain states may not permit the Company to offer Rights and/or Common Shares in such states, or to certain persons in those states, or may otherwise limit the Company's ability to do so, and as a result the Company will treat those states as Ineligible Jurisdictions under the Rights Offering.

The Common Shares are listed on the TSX under the symbol "WRG". On March 28, 2022 the closing price of the Common Shares on the TSX was C$0.20 per Common Share. It is expected that the Rights will be listed for trading on the TSX on **[●]**, 2022, under the symbol

"WRG.RT" and will cease trading at 12:00 p.m. (Toronto time) on the Expiry Date. During the Rights Offering, the Common Shares will continue to trade on the TSX under the symbol "WRG". See "*Plan of Distribution*".

There is currently no market through which the Rights may be sold and there can be no assurance that an active trading market will develop for the Rights. Holders of Rights may not be able to sell the Rights qualified by this Prospectus. To the extent an active trading market does not develop, the pricing of the Rights in the secondary market, the transparency and availability of trading prices, the liquidity of the securities and the extent of issuer regulation may be adversely affected. See "*Risk Factors*". See "*Plan of Distribution*".

The Rights are fully transferable into and within the Eligible Jurisdictions in Canada by the holders thereof. **The Rights may not be transferred to any person within the United States. Holders of Common Shares in the United States who receive Rights may transfer or resell them only in transactions outside of the United States in accordance with Regulation S under the U.S. Securities Act, which generally will permit the resale of the Rights through the facilities of the TSX.**

This rights offering is made by a Canadian issuer that is permitted, under a multijurisdictional disclosure system adopted by the United States and Canada, to prepare this short form prospectus in accordance with the disclosure requirements of Canada. Prospective investors should be aware that those requirements are different from those of the United States. The financial statements included in or incorporated by reference into this preliminary short form prospectus have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and such financial statements are subject to Canadian auditing standards and auditor independence standards. They may not be comparable to financial statements of United States companies.

Prospective investors should be aware that the acquisition of the securities described herein may have tax consequences both in the United States and in Canada. Such consequences for investors who are resident in, or citizens of, the United States may not be described fully herein. See "*Certain U.S. Federal Income Tax Considerations*".

The enforcement by investors of civil liabilities under U.S. federal securities laws may be affected adversely by the fact that the issuer is organized under the laws of Alberta, Canada, that all of its directors and officers are residents of Canada, and that a substantial portion of the assets of the issuer and of said persons are located outside the United States. See "*Enforceability of Civil Liabilities*".

THE SECURITIES OFFERED BY THIS PROSPECTUS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY STATE SECURITIES REGULATOR NOR HAS THE SEC OR ANY STATE SECURITIES REGULATOR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

In order to exercise the Rights represented by the Rights Certificate pursuant to the Basic Subscription Privilege, Shareholders resident in an Eligible Jurisdiction and Approved Eligible Holders (collectively, "**Eligible Holders**") must complete Form 1 on the Rights Certificate. In order to also exercise the Additional Subscription Privilege, an Eligible Holder must complete Form 2 on the Rights Certificate. An Eligible Holder must then deliver the Rights Certificate, together with the applicable Subscription Payment, to the Subscription Agent (as defined herein), in the manner and upon the terms set out in this Prospectus. See "*Description of Offered Securities – How to Complete the Rights Certificate*".

If a Shareholder does not exercise, or sells or otherwise transfers, any of its Rights, then such Shareholder's current percentage ownership in the Company will be diluted as a result of the exercise of Rights by other Shareholders and, if applicable, the purchase of Standby Shares by the Standby Purchasers.

The Company reserves the right to treat as invalid any exercise or purported exercise of any Rights that appears to us to have been exercised, effected, or dispatched in a manner which may involve a breach of the laws or regulations of any jurisdiction or if we believe, or if our agents believe, that the same may violate or be inconsistent with the procedures and terms set out in this Prospectus or in breach of the representation and warranty that a holder exercising its Rights is resident in an Eligible Jurisdiction.

Certain legal matters relating to Canadian law in connection with the Rights Offering will be passed upon on behalf of the Company by Blake, Cassels & Graydon LLP (“Blakes”).

Prospective investors should be aware that the acquisition or disposition of the securities described in this Prospectus and the expiry of an unexercised Right may have tax consequences in Canada, the United States or elsewhere, depending on each particular prospective investor's specific circumstances. Such consequences may not be described fully herein. Prospective investors should consult their own tax advisors with respect to such tax considerations.

Computershare Investor Services Inc. (the "**Subscription Agent**"), at its principal office in the city of Calgary (the "**Subscription Office**"), is the subscription agent for this Rights Offering. See "*Description of Offered Securities – Subscription and Transfer Agent*".

For Common Shares held through a securities broker or dealer, bank or trust company or other participant (a "**Participant**") in the book based system administered by CDS Clearing and Depository Services Inc. ("**CDS**"), an Eligible Holder may exercise the Rights that they are entitled to receive by instructing the Participant holding such Rights to exercise all or a specified number of such Rights and forwarding the Subscription Price for each Common Share subscribed for to such Participant in accordance with the terms of this Rights Offering. A Subscriber (as defined herein) wishing to subscribe for Additional Common Shares pursuant to the Additional Subscription Privilege must forward its request to the Participant that holds its Rights and such request must be received by the Subscription Agent prior to the Expiry Time on the Expiry Date, along with payment for the number of Additional Common Shares requested. Any excess funds will be credited to the Subscriber's account with its Participant without interest or deduction. Subscriptions for Common Shares made through a Participant will be irrevocable and Subscribers will be unable to withdraw their subscriptions for Common Shares once submitted. However, in the event the Rights Offering is terminated prior to the Closing Date, including in the event the Company does not receive funds from the Standby Purchasers or the Standby Purchase Agreement is otherwise terminated, the Subscription Agent will return all subscription funds delivered by Subscribers without interest or deduction, whether under the Basic Subscription Privilege or Additional Subscription Privilege. See "*Description of Offered Securities – Rights Certificate – Common Shares Held Through CDS*".

A Rights Certificate evidencing the number of Rights to which a Shareholder is entitled will be mailed with a copy of this Prospectus to each registered Shareholder as of 5:00 p.m. (Toronto time) on the Record Date whose address of record is in an Eligible Jurisdiction. In order to exercise the Rights represented by the Rights Certificate, an Eligible Holder must complete and deliver the Rights Certificate to the Subscription Agent in the manner and upon the terms set out in this Prospectus. Subject to statutory withdrawal rights, any exercises of Rights are irrevocable once submitted, unless the Rights Offering is otherwise terminated prior to the Closing Date. However, in the event the Rights Offering is terminated prior to the Closing Date, including in the event the Company does not receive funds from the Standby Purchasers or the Standby Purchase Agreement is otherwise terminated, the Subscription Agent will return all subscription funds delivered by Subscribers without interest or deduction, whether under the Basic Subscription Privilege or Additional Subscription Privilege. See "*Description of Offered Securities – Rights Certificate – Common Shares Held in Registered Form*".

If a Shareholder does not exercise all of its Rights pursuant to the Basic Subscription Privilege, the Shareholder's equity ownership in the Company will be diluted by the issuance of Common Shares upon the exercise of Rights by other Shareholders and, if applicable, the purchase of Standby Shares by the Standby Purchasers, which dilution may be significant.

This Prospectus qualifies the distribution of the Offered Securities in the Eligible Jurisdictions. The Offered Securities are not being distributed or offered to Shareholders in any Ineligible Jurisdiction and, except under the circumstances described herein, Rights may not be exercised by or on behalf of an Ineligible Holder. This Prospectus is not, and under no circumstances is to be construed as, an offering of any Rights or Common Shares for sale in any Ineligible Jurisdiction or a solicitation therein of an offer to buy any securities. Rights Certificates will not be sent to Shareholders with addresses of record in an Ineligible Jurisdiction. Instead, such Ineligible Holders will be sent a letter advising them that their Rights Certificates will be held by the Subscription Agent, who will hold such Rights as agent for the benefit of all such Ineligible Holders until and unless such Ineligible Holder becomes an Approved Eligible Holder. In the event such Ineligible Holders do not become Approved Eligible Holders, the Subscription Agent, for the account of such Ineligible Holder, will, prior to the Expiry Date, attempt to sell the Rights allocable to such Ineligible Holder and evidenced by Rights Certificates in the possession of the Subscription Agent, at such prices and otherwise in such manner as the Subscription Agent may determine in its sole discretion. The Subscription Agent's ability to sell such Rights and the price obtained therefore are dependent on market conditions. Neither the Company nor the Subscription Agent will be subject to any liability for the failure to sell any such Rights or to sell such Rights at a particular price. Any proceeds received by the Subscription Agent with respect to the sale of Rights net of brokerage fees and costs incurred and, if applicable, the Canadian tax required to be withheld, will be divided on a *pro rata* basis among such registered

Ineligible Holders and delivered by mailing cheques (in Canadian funds) of the Subscription Agent therefor as soon as practicable to such registered Ineligible Holders at their addresses recorded on the books of the Company. The Subscription Agent will mail cheques therefor at the addresses of the Ineligible Holders appearing in the records of the Company. Amounts of less than C$10.00 will not be remitted. Shareholders that reside outside of Canada and any persons (including any Participants) that have a contractual or legal obligation to forward this document to a Shareholder resident in an Ineligible Jurisdiction should read the section titled "*Description of Offered Securities – Ineligible Holders*".

As a condition to the purchase of any Common Shares under the Rights Offering, each Subscriber other than an Approved Eligible Holder will be deemed to have represented and warranted that it is resident in an Eligible Jurisdiction, and this representation and warranty will be relied upon by the Company and the Subscription Agent.

Investments in Rights and the Common Shares underlying such Rights are subject to a number of risks. See "*Risk Factors*" for a discussion of factors that should be considered by prospective investors and their advisors in assessing the appropriateness of an investment in the Rights or the Common Shares underlying such Rights.

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

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GLOSSARY

In this Prospectus, unless there is something in the subject matter or context inconsistent therewith:

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

"**Additional Capitalized Interest**" has the meaning ascribed to it on page 25.

"**Additional Common Shares**" has the meaning ascribed to it on page ii.

"**Additional Subscription Privilege**" has the meaning ascribed to it on page 40.

"**AIF**" has the meaning ascribed to it on page 7.

"**AIMCo**" means Alberta Investment Management Corporation.

"**Allowable Capital Loss**" has the meaning ascribed to it on page 53.

"**Approved Eligible Holder**" has the meaning ascribed to it on page 12.

"**Armco**" means Armco Alberta Inc., a corporation continued under the laws of the Territory of the British Virgin Islands.

"**ATB Capital Markets**" means ATB Capital Markets Inc., the financial advisor to the Special Committee.

"**ATB Fairness Opinion**" means the fairness opinion of ATB Capital Markets presented to the Special Committee.

"**Basic Subscription Privilege**" has the meaning ascribed to it on page ii.

"**BDC**" means Business Development Bank of Canada.

"**Blakes**" means Blake, Cassels & Graydon LLP, the Company's legal counsel.

"**Board**" means the board of directors of the Company.

"**Canadian Securities Authorities**" means the securities commissions or similar authorities in each of the provinces and territories of Canada.

"**CDS**" means CDS Clearing and Depository Services Inc.

"**Closing Date**" means on or about **[●]**, 2022.

"**Code**" has the meaning ascribed to it on page 56.

"**Commencement Date**" means **[●]**, 2022.

"**Common Shares**" means common shares of the Company.

"**Common Share Certificates**" means certificates representing Common Shares.

"**Company**" or "**Western**" means Western Energy Services Corp., a corporation existing under the laws of Alberta.

"**Conversion Price**" has the meaning ascribed to it on page iii.

"**Convertible Securities**" has the meaning ascribed to it on page 36.

"**Debt Conversion**" has the meaning ascribed to it on page iii.

"**Debt Restructuring**" has the meaning ascribed to in on page iii.

"**Debt Restructuring Agreement**" means the debt restructuring agreement dated March 21, 2022 made between Western and AIMCo.

"**Demand Prospectus**" has the meaning ascribed to it on page 34.

"**Demand Registration**" has the meaning ascribed to it on page 34.

"**Eligible Holder**" has the meaning ascribed to it on page v.

"**Eligible Jurisdictions**" has the meaning ascribed to it on page iv.

"**Expiry Date**" means **[●]**, 2022.

"**Expiry Time**" means 5:00 p.m. (Toronto time) on the Expiry Date.

"**G2S2**" means G2S2 Capital Inc., a corporation existing under the laws of Canada.

"**HSBC Facility**" has the meaning ascribed to it on page 25.

"**Holder**" has the meaning ascribed to it on page 52.

"**IFRS**" means International Financial Reporting Standards.

"**Ineligible Holder**" has the meaning ascribed to it on the cover page.

"**Ineligible Jurisdiction**" has the meaning ascribed to it on the cover page.

"**Initial Proposal**" has the meaning ascribed to it on page 25.

"**Investor Rights Agreement**" means the investor rights agreement to be entered into among Western, AIMCo, G2S2, Armco, Matco and Mr. Mathison as a condition of the Debt Conversion.

"**IRS**" has the meaning ascribed to it on page 56.

"**Matco**" means Matco Investments Ltd., a corporation existing under the laws of Alberta.

"**MD&A**" has the meaning ascribed to it on page 8.

"**Medallion Guarantee**" means a guarantee obtained from a member of an acceptable Medallion Guarantee Program (STAMP, SEMP or MSP), including banks, financial institutions, credit unions, savings associations and broker-dealers.

"**Medallion Signature Guarantee Program**" means either STAMP or SEMP.

"**MI 61-101**" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

"**Non-Electing Holder**" has the meaning ascribed to it on page 60.

"**Offered Securities**" has the meaning ascribed to it on page iv.

"**Operating Facility**" means the loan facility of Western which consists of a committed operating facility in the amount of $10,000,000.

"**Osler**" means Osler, Hoskin & Harcourt LLP, legal counsel to the Special Committee.

"**Participant**" has the meaning ascribed to it on page v.

"**Piggyback Registration**" has the meaning ascribed to it on page 34.

"**Plan**" has the meaning ascribed to it on page 56.

"**Plan Subscriber**" has the meaning ascribed to it on page 56.

"**Preferred Shares**" means the preferred share in the capital of Western, none of which are currently issued and outstanding.

"**Proceeds**" has the meaning ascribed to it on the cover page.

"**QEF**" has the meaning ascribed to it on page 60.

"**RDSP**" has the meaning ascribed to it on page 56.

"**Record Date**" means 5:00 p.m. (Toronto time) on **[●]**, 2022.

"**Registered Plan**" has the meaning ascribed to it on page 56.

"**Registration Rights Agreement**" means the registration rights agreement to be entered into by Western and AIMCo as a condition of the Debt Conversion.

"**Resident Holder**" means a Holder that, at all relevant times for the purposes of the Tax Act, is or is deemed to be resident in Canada.

"**Restructuring Transactions**" means, collectively, the Rights Offering and the Debt Restructuring.

"**RESP**" has the meaning ascribed to it on page 56.

"**Revolving Facility**" means the loan facility of Western with a syndicate of lenders which consists of an extendible revolving credit facility in the amount of $50 million.

"**Rights**" has the meaning ascribed to it on the cover page.

"**Rights Certificate**" has the meaning ascribed to it on page ii.

"**Rights Offering**" has the meaning ascribed to it on the cover page.

"**RRIF**" has the meaning ascribed to it on page 56.

"**RRSP**" has the meaning ascribed to it on page 56.

"**RSU**" means the restricted share units of the Company, which grant a right to be settled in cash or equity, subject to their specific terms.

"**RSU Plan**" means the restricted share unit plan approved by the Company's shareholders on May 9, 2017.

"**SEC**" has the meaning ascribed to it on page v.

"**Second Lien Facility**" has the meaning ascribed to it on the cover page.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval.

"**Senior Credit Facilities**" means, collectively, the Revolving Facility and the Operating Facility.

"**Senior Notes**" has the meaning ascribed on page 24.

"**SEMP**" means the Stock Exchange Medallion Program.

"**Shareholder**" means a holder of the Common Shares.

"**Signature Guarantee**" means a form of guarantee for Form 2 on a Rights Certificate from a major Canadian Schedule I bank that is not a member of a Medallion Guarantee Program. The guarantor must affix a stamp in the space above bearing the actual words "Signature Guaranteed".

"**Special Committee**" means the committee of independent directors established by the Board to assess whether the Proposal (or an alternative thereto) should proceed.

"**STAMP**" means the Securities Transfer Agents Medallion Program.

"**Standby Commitment**" has the meaning ascribed to it on page iii.

"**Standby Purchase Agreement**" has the meaning ascribed to it on page ii.

"**Standby Purchasers**" has the meaning ascribed to it on page ii.

"**Standby Shares**" has the meaning ascribed to it on page iii.

"**Stifel FirstEnergy**" means Stifel Nicolaus Canada Inc., the financial advisor to AIMCo.

"**Stock Option Plan**" means the stock option plan of the Company approved by the Company's Shareholders on May 9, 2017.

"**Stock Options**" means the right to purchase Common Shares pursuant to the Stock Option Plan.

"**Subscriber**" means an individual subscribing to purchase Common Shares pursuant to the Rights.

"**Subscription Agent**" means Computershare Investor Services Inc.

"**Subscription Payment**" means the aggregate Subscription Price paid for the Common Shares acquired upon exercise of a Right.

"**Subscription Price**" means C$**[●]** per Common Share.

"**Subsequent Proposal**" has the meaning ascribed to it on page 26.

"**Supporting Shareholders**" has the meaning ascribed to it on page 30.

"**Tax Act**" has the meaning ascribed to it on page 51.

"**Tax Convention**" has the meaning ascribed to it on page 57.

"**Tax Proposals**" has the meaning ascribed to it on page 52.

"**Taxable Capital Gain**" has the meaning ascribed to it on page 53.

"**TFSA**" has the meaning ascribed to it on page 56.

"**Torys**" means Torys LLP, legal counsel to AIMCo.

"**Treasury Regulations**" means the income tax regulations, including temporary and proposed regulations, promulgated under the Code by the United States Treasury, as such regulations may be amended from time to time.

"**Treaty**" has the meaning ascribed to it on page 55.

"**TSX**" means the Toronto Stock Exchange.

"**TSX Rules**" has the meaning ascribed to it on page 29.

"**U.S. GAAP**" means United States Generally Accepted Accounting Principles.

"**U.S. Holder**" has the meaning ascribed to it on page 56.

"**U.S. Securities Act**" has the meaning ascribed to it on page iv.

"**VWAP**" means the volume weighted average price of the Common Shares on the TSX for the five-day period ending on the trading day prior to the Commencement Date.

ABOUT THIS PROSPECTUS

In this Prospectus, the "**Company**", "**we**", "**us**" and "**our**" refer collectively to the Company and its consolidated subsidiaries, unless the context otherwise requires. All references in this Prospectus to "**C$**" or "**$**" are to Canadian dollars. All references to "**U.S. dollars**" are to United States dollars. The Company's financial statements incorporated herein by reference have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. The Company prepares its financial statements in Canadian dollars.

You should rely only on the information contained in this Prospectus. We have not authorized anyone to provide you with information different from that contained in this Prospectus.

Unless stated otherwise or the context otherwise requires, all references to dollar amounts in this prospectus are references to Canadian Dollars. The Company prepares its annual financial statements, including those incorporated herein by reference, in accordance with IFRS, as issued by the International Accounting Standards Board. As a result, the Company's financial statements may not be comparable to financial statements of United States companies that report in accordance with United

States Generally Accepted Accounting Principles ("**U.S. GAAP**").

WHERE YOU CAN FIND MORE INFORMATION

We file with the Canadian Securities Authorities material change reports, annual and quarterly reports and other information. You may access our disclosure documents and any reports, statements or other information that we file with the Canadian Securities Authorities through the internet on the System for Electronic Document Analysis and Retrieval ("**SEDAR**"), which may be accessed at www.sedar.com. Documents filed on SEDAR are not incorporated by reference into this Prospectus except as specifically set out herein. See "*Documents Incorporated By Reference*".

CAUTIONARY STATEMENT WITH REGARD TO FORWARD-LOOKING STATEMENTS

This Prospectus contains "forward-looking statements" and "forward-looking information" within the meaning of applicable securities laws, concerning the business, operations and financial performance and condition of the Company. Forward-looking statements and information includes, but is not limited to statements with respect to: the anticipated effect of the Restructuring Transactions on the Company, including expectations regarding completion of the Debt Conversion, and the Rights Offering and amendments to the Second Lien Facility and Senior Credit Facilities on the terms set forth herein; the dilution of Holders that do not participate in the Rights Offering, and in any event the dilution to Shareholders pursuant to the Debt Conversion generally; the Company's ability to meet and reduce its debt obligations and fund ongoing operations; the listing of the Rights on the TSX and conduct of the Rights Offering; the size of the Rights Offering and intended use of Proceeds; the anticipated pro forma holdings of AIMCo, Mr. Mathison and the Standby Purchasers after giving effect to the Restructuring Transactions; the ability of the Standby Purchasers to fund the Standby Commitment; the terms of the Investor Rights Agreement and Registration Rights Agreement; the Company's future interest payments; the likelihood of a future share consolidation and composition of the Company's Board following completion of the Debt Restructuring and other events or conditions that may occur in the future. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" "intends", "anticipates", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" "occur".

Forward-looking statements and information are based on certain expectations and assumptions of management as of the date such statements are made in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate in the circumstances. Although management of the Company believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information as Western cannot give any assurance that they will prove to be accurate or correct, as actual results and future events could differ materially from those currently anticipated. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Forward-looking statements and information are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: risks related to the Company's ability to continue as a going concern; risks relating to the Company's need for significant additional future capital and the Company's ability to raise additional funding; risks relating to the influence of significant shareholders of the Company over the Company's business operations and share price; risks associated with the potential further deterioration of industry conditions that could negatively affect Western's performance and financial condition; the risk that any of the conditions set forth in the agreements providing for the Debt Restructuring are not satisfied on a timely basis, including receipt of TSX approval on satisfactory conditions, or other termination events under such agreements occur; and Western's inability to meet its obligations under its Second Lien Facility or Senior Credit Facilities such that further financing is not available, as well as those factors discussed herein or referred to in the AIF (as defined herein) and the MD&A (as defined herein) incorporated by reference herein, filed with the securities regulatory authorities in Canada and available at www.sedar.com.

Readers should not place undue reliance on forward-looking statements or information. The Company does not undertake to update any forward-looking statements or information that is incorporated herein, except in accordance with applicable securities laws. Our actual results may differ materially from those in the forward-looking statements due to a number of risks and factors, some of which include:

- inability to close the Rights Offering and Debt Conversion resulting in AIMCo taking all steps it deems advisable, including, without limitation, demanding payment of the Second Lien Facility (when due) and enforcing any and all remedies available;
- inability to finance capital expenditures;
- general economic and business conditions, including risks associated with the potential further deterioration of industry conditions that could affect Western's performance and financial condition;
- actions by government authorities, including changes in government regulation; and

- our ability to execute prospective business plans.

Readers are cautioned that the foregoing list of risks and uncertainties is not exhaustive. Except as required by law, we are not under any obligation, to publicly update or alter any forward-looking statements, whether as a result of new information, future events or otherwise. You should carefully review the cautionary statements and risk factors contained in this Prospectus and other documents that we file from time to time with the Canadian Securities Authorities and the which are incorporated by reference herein.

All subsequent forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section and the "*Risk Factors*" section of this Prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with the Canadian Securities Authorities. You should read this Prospectus along with the documents incorporated by reference herein. The Company has not authorized anyone to provide you with different or additional information and we take no responsibility for other information others may give you. We are not making an offer of Offered Securities in any jurisdiction where the offer is not permitted by law. You should not assume that the information contained in this Prospectus, any marketing materials or the documents incorporated by reference herein is accurate as of any date other than their respective dates.

Information that is incorporated by reference is an important part of this Prospectus. We incorporate by reference the documents listed below, which were filed with the Canadian Securities Authorities under applicable Canadian securities laws.

The following documents are specifically incorporated by reference in and form an integral part of this Prospectus:

(a) the annual information form of the Company for the year ended December 31, 2021, dated March 24, 2022 (the "**AIF**") and filed on SEDAR on March 24, 2022;

(b) the audited consolidated financial statements of the Company as at and for the years ended December 31, 2021 and 2020, together with the notes thereto and the auditor's report thereon and filed on SEDAR on March 24, 2022;

(c) management's discussion and analysis of the Company for the years ended December 31, 2021 and 2022 and filed on SEDAR on March 24, 2022 (the "**MD&A**");

and

(d) the management information circular dated March 15, 2021 filed on SEDAR on March 31, 2021 prepared in connection with the Company's annual meeting of Shareholders held on April 27, 2021.

Any document of the types referred to above (excluding confidential material change reports) filed by us with a securities commission or similar securities regulatory authority in Canada after the date of this Prospectus and prior to the closing or the withdrawal of the Rights Offering hereunder, and any other document required to be incorporated by reference pursuant to Item 11.1 of Form 44-101F1 – *Short Form Prospectus*, will be deemed to be incorporated by reference in this Prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference in this Prospectus shall be deemed to be modified or superseded, for purposes of this Prospectus, to the extent that a statement contained in this Prospectus or in any other subsequently filed document which also is or is deemed to be incorporated by reference in this Prospectus modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this Prospectus, except as so modified or superseded.

We will furnish without charge to each person to whom a copy of this Prospectus is delivered, upon written or oral request, a copy of the information that has been incorporated by reference into this Prospectus but not delivered with this Prospectus (except exhibits, unless they are specifically incorporated by reference into this Prospectus). Copies of the documents incorporated by reference into this Prospectus may be obtained on request without charge from the Company's Corporate Secretary by emailing ir@wesc.ca or through the Internet on SEDAR which can be accessed at www.sedar.com.

SUMMARY

The following is a summary of the principal features of the Rights Offering and should be read together with, and is qualified in its entirety by, the more detailed information and financial data and statements contained elsewhere in or incorporated by reference in this Prospectus.

Issuer:	Western Energy Services Corp.
The Rights Offering:	**[●]** Rights to subscribe for an aggregate of **[●]** Common Shares. Additional Rights will be issued, and Additional Common Shares will become issuable pursuant to the exercise of such Rights, if the number of Common Shares outstanding on the Record Date is greater than the number of Common Shares outstanding on the date of this Prospectus. Each Shareholder on the Record Date will receive one Right for each Common Share held. Each Right entitles an Eligible Holder to subscribe for **[●]** Common Shares at the Subscription Price. **The Rights Offering is not subject to any minimum subscription level.**
Eligible Jurisdictions	All provinces of Canada and the United States. Notwithstanding registration under the U.S. Securities Act, the securities or blue sky laws of certain states may not permit the Company to offer Rights and/or Common Shares in such states, or to certain persons in those states, or may otherwise limit the Company's ability to do so, and as a result the Company will treat those states as Ineligible Jurisdictions under the Rights Offering. The Company will only offer Rights in states where, and to such persons to whom, it is legally permitted to do so.
Record Date:	**[●]**, 2022 as at 5:00 p.m. (Toronto time).
Commencement Date:	**[●]**, 2022.
Expiry Date:	**[●]**, 2022.
Expiry Time:	5:00 p.m. (Toronto time) on the Expiry Date. Rights not validly exercised and received, with subscription funds, by the Subscription Agent before the Expiry Time on the Expiry Date will be void and have no value and will no longer be exercisable for any Common Shares.
Subscription Price:	C$**[●]** per Common Share.
Proceeds:	Approximately $31,500,000.

Standby Commitment	In connection with the Restructuring Transactions and as a condition of the Debt Restructuring, the Company, the Standby Purchasers and Mr. Mathison have entered into the Standby Purchase Agreement pursuant to which each of G2S2, Matco and Mr. Mathison, have agreed to exercise their Basic Subscription Privilege in full and the Standby Purchasers have agreed to purchase the Standby Shares. If a Shareholder does not exercise all of its Rights pursuant to the Basic Subscription Privilege, the Shareholder's equity ownership in the Company will be diluted by the issuance of Common Shares upon the exercise of Rights by other Shareholders and, if applicable, the purchase of Standby Shares by the Standby Purchasers, which dilution may be significant. Even if they exercise their Basic Subscription Privilege in full, the shareholding percentage of the Company's Shareholders (other than AIMCo) will be significantly reduced upon the completion of the issuance of additional Common Shares to AIMCo pursuant to the Debt Conversion. In the event that none of the holders of Rights other than the Standby Purchasers and Mr. Mathison exercises Rights and all of the Common Shares issuable upon the exercise of such Rights are purchased by the Standby Purchasers pursuant to the Standby Commitment, the Standby Purchasers will acquire an aggregate of **[●]** Common Shares and, following the completion of the Rights Offering and the Standby Commitment, G2S2 (together with Common Shares held by Armco) will beneficially own **[●]** Common Shares representing approximately **[●]**% of the then outstanding Common Shares and Matco (together with Common Shares held by Mr. Mathison personally) will beneficially own **[●]** Common Shares representing approximately **[●]**% of the then outstanding Common Shares. The Standby Purchasers are not entitled to any fee in connection with the Standby Commitment. See "*Standby Commitment*", "*Debt Restructuring*" and "*Risk Factors*".
Rationale for Rights Offering:	The Company's decision to undertake the Rights Offering, concurrently with the Debt Restructuring, is the result of extensive analysis, discussions and negotiations by and among representatives of the Company, the Special Committee, AIMCo, the Standby Purchasers and their respective advisors to address the Company's overall indebtedness. After consultation with its independent legal counsel and financial advisors, including analysis of potential alternatives and having regard to the impact of the Restructuring Transactions on Shareholders, the Special Committee recommended to the Board that the Company pursue the Restructuring Transactions to significantly address the Company's debt burden and provide an influx of working capital. As a result, the Restructuring Transactions are expected to result in, among other things, (i) $10,000,000 of principal under the Second Lien Facility being repaid from the Proceeds of the Rights Offering; (ii) an additional $100,000,000 of principal under the Second Lien Facility being converted into Common Shares at the Conversion Price; (iii) amendments to the Second Lien Facility; and (iv) additional Proceeds being available for working capital. The Special Committee and the Board believe that the recapitalization of the Company is in the best interest of the Company and its minority shareholders because it: (i) provides the minority shareholders with the right, but not the obligation, to participate pro-rata in the Rights Offering; (ii) will significantly address the Company's ability to meet and reduce its debt obligations; and (iii) will concurrently provide additional funding for on-going operations. The Special Committee also believes that it is necessary to address the debt owed to AIMCo now given the upcoming maturity of the Second Lien Facility in light of the very limited prospect that the Second Lien Facility could be repaid or refinanced by a third party on or prior to the January 31, 2023 maturity date. See "*Background and Purpose of the Rights Offering – Rationale for the Rights Offering*", "*Use of Proceeds*" and "*Debt Restructuring*"

Use of Proceeds:	After giving effect to the Standby Commitment, the Proceeds from the Rights Offering are estimated to be $31,500,000. The Company anticipates that immediately prior to the completion of the Rights Offering, which is expected to be on or about **[●]**, 2022, the amount of debt due to AIMCo under the Second Lien Facility will be approximately $218,500,000. The Company will use $10,000,000 of the Proceeds from the Rights Offering to partially repay the Second Lien Facility. Immediately upon completion of the Rights Offering and, if necessary, the Standby Commitment and satisfaction of the other conditions under the Debt Restructuring Agreement, AIMCo has agreed to accept C$100,000,000 in Common Shares issued from treasury at the Conversion Price of $**[●]** per Common Share to settle a further portion of debt thereunder (as described in *Debt Restructuring* below). Payment of an aggregate of $110,000,000 of principal to AIMCo will be in the form of a combination of (i) partial payment of Proceeds received by the Company pursuant to the exercise of Rights by non-AIMCo Shareholders; and (ii) the Debt Conversion. Approximately $108,500,000 of the Second Lien Facility is expected to remain outstanding following the Debt Restructuring. See "*Use of Proceeds*".
Basic Subscription Privilege:	Each Right entitles an Eligible Holder to subscribe for **[●]** Common Shares from the Commencement Date until the Expiry Time, upon payment of the Subscription Price. Where the exercise of Rights would appear to entitle a holder of Rights to receive fractional Common Shares, the holder's entitlement will be reduced to the next lowest whole number of Common Shares. The Company will not issue fractional Common Shares or pay cash in lieu thereof. See "*Description of Offered Securities – Basic Subscription Privilege*".
Additional Subscription Privilege:	Holders of Rights who exercise in full the Basic Subscription Privilege for their Rights are also entitled to the Additional Subscription Privilege, which allows them to subscribe pro rata for Additional Common Shares, if any, to the extent such Additional Common Shares are available and not otherwise purchased pursuant to the Basic Subscription Privilege. See "*Description of Offered Securities – Additional Subscription Privilege".*

Exercise of Rights by Eligible Holders:	For all Shareholders whose Common Shares are held in registered form with an address of record in an Eligible Jurisdiction, a Rights Certificate representing the total number of Rights to which such Shareholder is entitled as at the Record Date will be mailed with a copy of this Prospectus to each such Shareholder. In order to exercise the Rights represented by the Rights Certificate, such holder of Rights must complete and deliver

the Rights Certificate in accordance with the instructions set out under "*Description of Offered Securities – How to Complete the Rights Certificate*".

For Common Shares held through a Participant in the book based system administered by CDS, an Eligible Holder may exercise the Rights issued in respect of such Common Shares (under either the Basic Subscription Privilege or the Additional Subscription Privilege) by: (a) instructing the Participant holding such Rights to exercise all or a specified number of such Rights pursuant to the Basic Subscription Privilege, and if desired by such holder, pursuant to the Additional Subscription Privilege; and (b) forwarding to such Participant the Subscription Price for each Common Share that such holder wishes to subscribe for in accordance with the terms of this Rights Offering.

Holders that wish to exercise Rights issued in respect of Common Shares held through a Participant should contact such Participant to determine how Rights may be exercised. The entire Subscription Price for any Common Shares purchased under the Basic Subscription Privilege or Additional Subscription Privilege must be paid at the time of subscription and must be received by the Subscription Agent at the Subscription Office prior to the Expiry Time on the Expiry Date. Accordingly, Subscribers must provide the Participant holding their Rights with instructions and the required payment sufficiently in advance of the Expiry Date to permit proper exercise of their Rights. Participants will have an earlier deadline for receipt of instructions and payment. See "*Description of Offered Securities – Rights Certificate – Common Shares Held Through CDS*".

Subject to statutory withdrawal rights, subscriptions for Common Shares will be irrevocable and Subscribers will be unable to withdraw their subscriptions once submitted.

If the Subscription Price delivered is greater than the amount you owe for your subscription, the Subscription Agent will return the excess amount to you by mail, without interest or deduction, promptly after the closing of the Rights Offering, which is anticipated to occur on or about **[●]**, 2022. However, in the event the Rights Offering is terminated prior to the Closing Date, including in the event the Company does not receive funds from the Standby Purchasers or the Standby Purchase Agreement is otherwise terminated, the Subscription Agent will return all subscription funds delivered by Subscribers without interest or deduction, whether under the Basic Subscription Privilege or Additional Subscription Privilege. See "*Statutory and Contractual Rights*". See "*Description of Offered Securities – Basic Subscription Privilege*" and "*Description of Offered Securities – Additional Subscription Privilege"*.

Shareholders in Ineligible Jurisdictions:

This Rights and Common Shares under the Rights Offering are only being qualified for distribution in the Eligible Jurisdictions. No subscription under the Basic Subscription Privilege nor the Additional Subscription Privilege will be accepted from any person, or such person's agent, who appears to be, or who the Company has reason to believe is, an Ineligible Holder, except that the Company may accept subscriptions in certain circumstances from persons in such jurisdictions if the Company determines that such offering to and subscription by such person or agent is lawful and in compliance with all securities and other laws applicable in the jurisdiction where such person or agent is resident (each, an "**Approved Eligible Holder**"). No Rights Certificates will be mailed to Ineligible Holders and Ineligible Holders will not be permitted to exercise their Rights unless and until they become Approved Eligible Holders. Holders of Common Shares who have not received Rights Certificates but are resident in an Eligible Jurisdiction or wish to be recognized as Approved Eligible Holders should contact the Subscription Agent at the earliest possible time. Rights of Ineligible Holders will be held by the Subscription Agent until 5:00 p.m. (Toronto time) on **[●]**, 2022 in order to provide the beneficial holders outside the Eligible Jurisdictions an opportunity to claim the Rights Certificate by satisfying the Company that the exercise of their Rights will not be in violation of the laws of the applicable jurisdiction. After such time, the Subscription

	Agent will attempt to sell the Rights of such registered Ineligible Holders on such date or dates and at such price or prices as the Subscription Agent will determine in its sole discretion. See "*Description of Offered Securities – Ineligible Holders*".

Deemed Representation and Warranty:	As a condition to the purchase of any Common Shares under the Rights Offering, each Subscriber (other than an Approved Eligible Holder) will be deemed to have represented and warranted that it is resident in an Eligible Jurisdiction, and this representation and warranty will be relied upon by us and the Subscription Agent. We reserve the right to treat as invalid any exercise or purported exercise of any Rights that appear to us to have been exercised, effected or dispatched in a manner which may involve a breach of the laws or regulations of any jurisdiction or if we believe, or if our agents believe, that the same may violate or be inconsistent with the procedures and terms set out in this Prospectus or in breach of the representation and warranty that a holder exercising its Rights is resident in an Eligible Jurisdiction, as described herein. See "*Description of Offered Securities – Validity and Rejection of Subscriptions*".
Intention of Insiders and Others to Exercise Rights:	Pursuant to the terms of the Standby Purchase Agreement, G2S2 (or Armco on its behalf), Matco and Mr. Mathison, who are each currently insiders of the Company, intend to exercise their respective Basic Subscription Privilege in full, in addition to the Standby Purchasers exercising their Standby Commitment if required. The Company expects that the Chief Executive Officer and Chief Financial Officer will exercise all or a portion of their respective Basic Subscription Privilege. In connection therewith, the Company has agreed to provide a loan to each of Messrs. MacAusland and Bowers which would match the amount of funds contributed personally by each of them, to a maximum amount equal to half of each of their pro rata share in the Rights Offering. The loans will be payable five years after their effective date, will bear interest at a variable rate which is higher than the lowest marginal borrowing rate available to the Company under its indebtedness, and will be payable monthly. The loans will be secured by a lien on all of the Common Shares subscribed for by each of them under the Rights Offering, including shares purchased with the respective officer's own funds. The Company will fund the amount of the loan from the Company's cash on hand. AIMCo, which is a current insider of the Company holding approximately 19.18% of the Common Shares, has agreed, pursuant to the terms of the Debt Restructuring Agreement, not to exercise any of its Rights in the Rights Offering. See "*Intention of Insiders and Others to Exercise Rights*" and "*Standby Purchase Agreement*".
Listing:	The Common Shares are listed on the TSX under the symbol "WRG". It is expected that the Rights will be listed for trading on the TSX on **[●]**, 2022, under the symbol "WRG.RT" and will cease trading at 12:00 p.m. (Toronto time) on the Expiry Date. During the Rights Offering, the Common Shares will continue to trade on the TSX under the symbol "WRG". See "*Plan of Distribution*".

Subscription Agent:	Computershare Investor Services Inc., in its role as Subscription Agent, has been appointed the agent of the Company to receive subscriptions and payments from holders of Rights, to act as depositary and to perform certain services relating to the exercise and transfer of Rights. The Subscription Agent, may be reached at 1-800-564-6253 or by email at corporateactions@computershare.com.

Debt Restructuring:	Completion of the Rights Offering and, if necessary, the Standby Commitment is a condition to completion of the Debt Restructuring. Under the terms of the Debt Restructuring Agreement, immediately upon completion of the Rights Offering and, if necessary, the Standby Commitment and satisfaction of the other conditions under the Debt Restructuring Agreement, the Company will complete the Debt Restructuring with AIMCo to significantly reduce the Company's debt burden. The Debt Conversion will result in the issuance to AIMCo of approximately **[●]** Common Shares. Accordingly, AIMCo is expected to beneficially own approximately **[●]** Common Shares, representing approximately **[●]**% of the Company's Common Shares following completion of the Restructuring Transactions. As a result, the Restructuring Transactions will materially alter the control of the Company given that AIMCo is expected to become a control person of the Company. See "*Use of Proceeds*" and "*Debt Restructuring*". Concurrently with the Debt Restructuring Agreement, the Company entered into a commitment letter with certain of the lenders under its Senior Credit Facilities pursuant to which such lenders have agreed to consent to the Debt Conversion and the amendments to the Second Lien Facility, and to amend the terms of the Senior Credit Facilities to, among other things, reduce the amount available under the Senior Credit Facilities from $60 million to $45 million and to extend the maturity date of the Senior Credit Facilities from July 1, 2022 to the third anniversary of the Debt Conversion. Completion of the amendments to the Senior Credit Facilities is a condition to completion of the Debt Conversion. See "*Use of Proceeds*". See "*Debt Restructuring*".
Investor Rights Agreement:	In connection with the Restructuring Transactions, and pursuant to the Debt Restructuring Agreement, the Company, AIMCo, the Standby Purchasers and Mr. Mathison will enter into the Investor Rights Agreement pursuant to which AIMCo will be granted representation on the Board through the ability to nominate two directors, and the Standby Purchasers and Mr. Mathison will agree not to vote against or withhold votes from the AIMCo nominees, in each case provided that AIMCo beneficially owns or controls at least 30% of the outstanding Common Shares. See "*Investor Rights Agreement*" for more details.
Registration Rights Agreement	In addition, pursuant to the Debt Restructuring Agreement, the Company and AIMCo will enter into the Registration Rights Agreement, pursuant to which AIMCo will be granted demand and piggyback distribution rights whereby the Company agrees to facilitate the resale of Common Shares by AIMCo by way of prospectus offering, subject to the restrictions and limitations set forth therein. See "*Registration Rights Agreement*" for more details.

Risk Factors:	The exercise of Rights and an investment in Common Shares are subject to a number of risk factors. See "*Risk Factors*" for more details.
United States Transfer Restrictions	The Rights may be transferred or resold only in transactions outside of the United States in accordance with Regulation S under the U.S. Securities Act, which generally will permit the resale of the Rights through the facilities of the TSX. See "*Description of Offered Securities – U.S. Registration and Transfer*".

QUESTIONS AND ANSWERS RELATING TO THE RIGHTS OFFERING

The following are common questions the Company anticipates about the Rights Offering and explanatory answers. The questions and answers do not contain all of the information that may be important to you and may not address all of the questions that you have about the Rights Offering. This Prospectus and the documents incorporated by reference in this Prospectus contain more detailed descriptions of the terms and conditions of the Rights Offering and provide additional information about the Company and its business, including potential risks related to our business, the Rights Offering and the Offered Securities. The questions and answers are qualified in their entirety by the more detailed information appearing elsewhere in this Prospectus, which investors should read before making an investment decision.

Why have I received this material?

The purpose of these materials is to provide you with detailed information about your rights and obligations in respect of the Rights Offering. This prospectus should be read in conjunction with the Rights offering notice that is being sent to you concurrently. These materials are important and require your attention. Shareholders are required to make an important decision regarding whether to exercise their Rights to purchase additional Common Shares of the Company.

What is the Rights Offering?

The Company is issuing to Shareholders as of 5:00 p.m. (Toronto time) on the Record Date, at no charge, one Right for each Common Share held by such Shareholder on the Record Date. This is the Basic Subscription Privilege. See "*Plan of Distribution*".

Why is the Company engaging in the Rights Offering?

The Company's decision to undertake the Rights Offering is the result of analysis, discussions and negotiations by and among representatives of the Company, the Special Committee, the Board, AIMCo, the Standby Purchasers and their respective advisors to address the Company's overall indebtedness. Completion of the Rights Offering is a condition to completion of the Debt Restructuring. See "*Background and Purpose of the Rights Offering – Rationale for the Rights Offering*" and "*Use of Proceeds*".

How much debt is owed to AIMCo?

The Company anticipates that immediately prior to the completion of the Rights Offering, which is expected to be on or about **[●]**, 2022, the aggregate amount due to AIMCo by the Company under the Second Lien Facility will be approximately $218,500,000, inclusive of principal and interest. The Company will use $10,000,000 of the Proceeds from the Rights Offering to partially repay the Second Lien Facility. On closing of the Rights Offering and, if necessary, the Standby Commitment and satisfaction of the other conditions under the Debt Restructuring Agreement, AIMCo has agreed, pursuant to the Debt Conversion, to accept **[●]** Common Shares issued from treasury at the Conversion Price per Common Share to settle an additional $100,000,000 of principal under the Second Lien Facility, with approximately $108,500,000 of the Second Lien Facility expected to remain outstanding. Concurrently, the Company and AIMCo have agreed to amend the terms of the Second Lien Facility, including extending its maturity date and increasing the interest rate. See "*Use of Proceeds*" and "*Debt Restructuring*".

What is being Offered?

Each Right entitles an Eligible Holder to subscribe for **[●]** Common Shares pursuant to the Basic Subscription Privilege at the Subscription Price (being C$**[●]** per Common Share) upon delivery of the required documents and payment of the Subscription Price, and to also subscribe for Additional Common Shares at the Subscription Price pursuant to the Additional Subscription Privilege, provided such holder's Basic Subscription Privilege is fully exercised. The Rights will be evidenced by Rights Certificates, and such certificates will be mailed to all registered Shareholders that reside in any Eligible Jurisdiction. The Subscription Agent will hold any remaining Rights Certificates as agent for the benefit of all registered Shareholders that reside in an Ineligible Jurisdiction.

Will Fractional Common Shares be issued?

No. Where the exercise of Rights would otherwise entitle a Subscriber to receive fractional Common Shares, the Subscriber's entitlement will be reduced to the next lowest whole number of Common Shares. The Company will not issue fractional Common Shares or pay cash in lieu thereof. Subscriptions for Common Shares will be irrevocable, subject to Canadian statutory withdrawal rights that arise in certain limited circumstances, such as the filing of an amendment to this Prospectus, and Subscribers will be unable to withdraw their subscriptions for Common Shares once submitted. See "*Statutory and Contractual Rights*".

Is the completion of the Rights Offering guaranteed?

The Rights will be eligible for exercise following the Commencement Date. Up until the date on which the Rights are listed on the TSX, if the Standby Purchase Agreement is terminated, the application for listing of the Rights will be withdrawn. If the Rights Offering is terminated, including because the Company does not receive funds from the Standby Purchasers or the Standby Purchase Agreement is otherwise terminated, the Subscription Agent will return all subscription funds delivered by Subscribers without interest or deduction, whether under the Basic Subscription Privilege or Additional Subscription Privilege.

What is the Basic Subscription Privilege?

The Basic Subscription Privilege entitles each Eligible Holder to maintain, through the full exercise of Rights issued to such holder, such holder's current proportionate equity interest in the Company. See "*Description of Offered Securities – Basic Subscription Privilege*" for a description of how to exercise the Basic Subscription Privilege.

What is the Additional Subscription Privilege?

We do not anticipate that all Rights will be exercised pursuant to the Basic Subscription Privilege. By extending the Additional Subscription Privilege, we are providing those holders that exercise their Basic Subscription Privilege in full with the opportunity to purchase additional Common Shares that are not otherwise subscribed for by virtue of other holders of Rights not exercising their Basic Subscription Privilege in full. The maximum number of Additional Common Shares a Shareholder can subscribe for pursuant to its Additional Subscription Privilege is limited to the Shareholder's *pro rata* share of the total amount of Additional Common Shares available for additional subscription. If you subscribe for a greater number of Common Shares than the pro rata available to you, you will be allocated such lesser number of Additional Common Shares and any excess subscription funds will be returned to you. See "*Description of Offered Securities – Additional Subscription Privilege*" for a description of how to exercise the Additional Subscription Privilege.

Am I required to exercise any or all of the Rights I receive in the Rights Offering?

No. You may choose to exercise any number of the Rights you are issued, or you may choose not to exercise any of your Rights. If you do not exercise any of your Rights prior to the Expiry Time, such Rights will be void and of no value and will no longer be exercisable for Common Shares. You should be aware that your proportionate ownership interest in the Company will be diluted to the extent that you do not exercise your Rights and others exercise their Rights and the Standby Commitment is completed, which dilution may be significant. See "*Risk Factors – Shareholders may suffer significant dilution in connection with the Rights Offering*". To the extent that you do not wish to exercise all of your Rights, you may elect to sell and dispose of your unexercised Rights prior to the Expiry Time by completing Form 3 on the Rights Certificate. See "*Description of Offered Securities – Sale or Transfer of Rights*".

As a registered Shareholder, how do I exercise my Rights? What forms and payment are required to purchase the Common Shares?

If you are a registered Shareholder who is an Eligible Holder and you wish to purchase Common Shares by exercising your Rights, you must take the following steps:

- deliver a properly completed Rights Certificate (with a completed Form 1 to exercise the Basic Subscription Privilege and, if desired, a completed Form 2 to exercise the Additional Subscription Privilege) to the Subscription Agent before the Expiry Time; and
- deliver payment to the Subscription Agent using the methods outlined in this Prospectus. See "*Description of Offered Securities – How to Complete the Rights Certificate*".

If you do not indicate the number of Rights being exercised, or do not forward the full amount of funds for the number of Common Shares issuable pursuant to the Rights that you indicate are being exercised, then you will be deemed to have exercised the maximum number of Rights that may be exercised with the funds you delivered to the Subscription Agent. If the amount of funds delivered is greater than the amount you owe for your subscription, the Subscription Agent will return the excess amount to you by mail, without interest or deduction, promptly after the Closing Date, which is anticipated to occur on or about **[●]**, 2022.

What should I do if I receive a Rights Certificate and want to exercise some of my Rights now while retaining the ability to exercise more of my Rights at a later point in time but before the Expiry Time?

If you want to exercise some but not all of the Rights represented by a Rights Certificate and retain the ability to exercise the balance of the unexercised Rights represented by a Rights Certificate, you must first complete and submit to the Subscription Agent Form 4 on the Rights Certificate in order to divide the Rights and be issued two separate Right Certificates: one certificate representing the number of Rights that you wish to exercise in the first instance (which should then be completed and delivered to the Subscription Agent), and a second certificate representing the balance of unexercised Rights available for future exercise prior to the Expiry Time. Alternatively, you may elect to dispose of the balance of the unexercised Rights prior to the Expiry Time by completing Form 3 on the Rights Certificate. See "*Description of Offered Securities – Sale or Transfer of Rights*".

Is there a minimum subscription level in order for the Rights Offering to be completed?

No. The Rights Offering is not subject to any minimum subscription level.

What happens if the Rights Offering is not fully subscribed?

Under the Standby Commitment, the Standby Purchasers have agreed, subject to certain terms, conditions and limitations, to backstop the Rights Offering and purchase the Standby Shares to the extent any Rights are not exercised pursuant to the Basic Subscription Privilege and Additional Subscription Privilege. See "*Standby Commitment*" and "*Risk Factors – The Standby Purchase Agreement may be terminated under certain circumstances*".

What will happen to my current Common Shares if I do not participate in the Rights Offering?

If you do not exercise all of your Rights pursuant to the Basic Subscription Privilege, your equity ownership in the Company will be diluted by the issuance of Common Shares upon the exercise of Rights by other Shareholders and, if applicable, the purchase of Standby Shares by the Standby Purchasers, which dilution may be significant.

How soon must I act to exercise my Rights?

The Rights may be exercised from the Commencement Date until the Expiry Time. If you elect to exercise any Rights, the Subscription Agent must receive all required documents and payments from you or your broker or nominee. See "*Description of Offered Securities – Rights Certificate – Common Shares Held Through CDS*" and "*Description of Offered Securities – Rights Certificate – Common Shares Held in Registered Form*".

When will I receive my Rights Certificate?

As soon as practicable following the Record Date, the Company will mail or cause to be mailed to each registered Shareholder that resides in any of the Eligible Jurisdictions a Rights Certificate evidencing the number of Rights issued to the holder thereof, together with a copy of the final short form prospectus for the Rights Offering. For registered Shareholders that reside in an Ineligible Jurisdiction, the Company will mail or cause to be mailed to them a copy of the final short form prospectus for the Rights Offering together with a letter advising them that their Rights Certificates will be held by the Subscription Agent as agent for the benefit of all such registered Shareholders.

If you hold your Common Shares through a securities broker or dealer, bank, trust company, custodian or other intermediary, you will not receive a Rights Certificate directly from the Company. Instead, as described in this Prospectus, you must instruct such Participant whether or not to exercise Rights on your behalf through a Beneficial Owner Election Form that such Participant has been instructed to provide to you. See "*Description of Offered Securities – Rights Certificate – Common Shares Held Through CDS*".

Will I be able to exercise my Rights if I live in an Ineligible Jurisdiction?

Exercises of Rights will only be accepted from holders of Rights resident in an Eligible Jurisdiction, unless the Company determines that the subscription by a holder of Rights in an Ineligible Jurisdiction is lawfully made by an Approved Eligible Holder in compliance with all securities and other laws applicable in the Ineligible Jurisdiction where such holder is resident. Registered Shareholders that wish to be recognized as Approved Eligible Holders must contact the Subscription Agent at the earliest possible time, but in any event prior to 5:00 p.m. (Toronto time) on **[●]**, 2022, in order to satisfy the Company that such holders are Approved Eligible Holders. From and after 9:00 a.m. (Toronto time) on **[●]**, 2022, the Subscription Agent will attempt to sell the Rights of registered Ineligible Holders that have not demonstrated that they are Approved Eligible Holders, on such date or dates and at such price or prices and in such markets as the Subscription Agent determines in its sole discretion. No charge will be made for the sale of Rights on behalf of Ineligible Holders by the Subscription Agent except for a proportionate share of any brokerage commissions incurred by the Subscription Agent and the costs of, or incurred by, the Subscription Agent in connection with the sale of the Rights. The Subscription Agent will, after deducting any applicable withholding taxes and brokerage commission expenses incurred by the Subscription Agent, distribute all proceeds to the registered Ineligible Holders on a *pro rata* basis based on the proportionate number of Rights held by each of them.

Which jurisdictions are Eligible Jurisdictions?

Each of the provinces of Canada and the United States are Eligible Jurisdictions. Any jurisdiction that is not an Eligible Jurisdiction is an Ineligible Jurisdiction.

May I sell or transfer my Rights?

Eligible Holders that do not wish to exercise their Rights may sell or transfer their Rights through usual investment channels, such as investment dealers and brokers, at the expense of the holder. In addition, registered Shareholders may transfer their Rights through the Subscription Agent using Form 3 as described in this Prospectus. See "*Description of Offered Securities – Sale or Transfer of Rights*". Eligible Holders may elect to exercise only some of their Rights and dispose of the remainder of them. See "*Description of Offered Securities – Sale or Transfer of Rights*".

What should I do if I want to participate in the Rights Offering, but my Common Shares are held in the name of a Participant?

If you hold your Common Shares in the name of a Participant, such as a securities broker or dealer, bank, trust company, custodian or other intermediary, then such Participant is the registered holder of the Common Shares you own. The Participant must exercise Rights on your behalf.

If you wish to purchase Common Shares issuable upon exercise of your beneficial Rights, please promptly contact your Participant. You should receive a Beneficial Owner Election Form from your Participant with the other Rights Offering materials. Any form required by your Participant to exercise the Rights, including any Beneficial Owner Election Form, together with the required amount of funds must be completed and returned to your Participant. Please contact your Participant if you do not receive such a form, but you believe you are entitled to participate in the Rights Offering. We are not responsible if you do not receive the form from your Participant or if you receive it without sufficient time to respond. See "*Description of Offered Securities – Rights Certificate – Common Shares Held Through CDS*".

When will I receive my Common Shares?

If you are a registered Eligible Holder and you exercise your Rights and subscribe for any Common Shares pursuant to the Rights Offering, we will deliver your Common Shares to you as soon as practicable after the Closing Date. We expect that such Common Shares will generally be delivered within three business days following the Closing Date. If your Common Shares are held through a Participant, the Common Shares purchased pursuant to the Rights Offering will also be held through your Participant. Please contact your Participant or other financial intermediary to determine when Common Shares purchased in the Rights Offering will be allocated to your account. See "*Description of Offered Securities – Common Share Certificates*".

Are there risks associated with exercising my Rights?

Yes. The exercise of your Rights involves risks. Exercising your Rights means buying additional Common Shares and should be considered as carefully as you would consider any other equity investment.

You should carefully read the section titled "*Risk Factors*" in this Prospectus, and all of the other information included in and incorporated by reference in this Prospectus, in its entirety before you decide whether to exercise your Rights.

If the Rights Offering is not completed, will my funds be returned to me?

Yes. The Subscription Agent will hold all funds it receives in a segregated bank account for the benefit of Subscribers until completion of the Rights Offering. If the Rights Offering is not completed for any reason, all funds received by the Subscription Agent, whether pursuant to the Basic Subscription Privilege or Additional Subscription Privilege, will be returned promptly, without interest or deduction.

Will the Rights trade on a stock exchange?

The Common Shares are listed on the TSX under the symbol "WRG". It is expected that the Rights will be listed for trading on the TSX on **[●]**, 2022, under the symbol "WRG.RT" and will cease trading at 12:00 p.m. (Toronto time) on the Expiry Date. See "*Plan of Distribution*".

During the Rights Offering, the Common Shares will continue to trade on the TSX under the symbol "WRG".

What will happen to my Rights after the Expiry Date?

Rights that are not exercised before the Expiry Time on the Expiry Date will be void and of no value.

Will insiders be participating?

Yes. G2S2, Matco and Mr. Mathison are currently insiders of the Company. G2S2 and Matco, as well as Mr. Mathison who is a director of the Company, have agreed, subject to certain terms, conditions and limitations set out in the Standby Purchase Agreement, to exercise their Basic Subscription Privilege in full and the Standby Purchasers have agreed to provide the Standby Commitment, whereby they will purchase the Standby Shares to the extent any Rights are not exercised pursuant to the Basic Subscription Privilege and Additional Subscription Privilege. The Standby Purchasers will not receive any fees in connection with their Standby Commitment.

Pursuant to the Debt Restructuring Agreement, AIMCo has agreed not to exercise any of its Rights in the Rights Offering.

In addition, certain directors and officers have indicated that they will participate in the Rights Offering. See "*Intention of Insiders and Others to Exercise Rights*" and "*Standby Commitment*".

Purchaser	Current Shareholdings	Number of Common Shares Acquired under Rights Offering	
		Minimum[(1)]	Maximum[(2)]
G2S2	22,904,500[(3)] 24.95%	[●]	[●]
Armco	Nil	[●]	[●]
Matco	9,992,840 10.89%	[●]	[●]
Ronald P. Mathison	8,303,664 9.05%	[●]	[●]
Total	41,201,004	[●]	[●]

Notes:

(1) Assumes each Shareholder entitled to participate will exercise their Basic Subscription Privilege only.
(2) Assumes each Standby Purchaser will acquire their full *pro rata* portion of Standby Shares under the Rights Offering, in addition to exercising their Basic Subscription Privilege.
(3) Based on 91,788,008 issued and outstanding Common Shares as at March 28, 2022.

Has the Company confirmed the Standby Purchasers have the financial ability to carry out the Standby Commitment?

Yes. We have confirmed that each of the Standby Purchasers has the financial ability to carry out the Standby Commitment.

How many Common Shares will be outstanding after the Rights Offering?

91,788,008 Common Shares are outstanding as of the date of this Prospectus. We expect **[●]** Common Shares will be issued and outstanding upon completion of the Rights Offering, which assumes that (i) the Rights Offering is fully subscribed or that the Standby Commitment is fulfilled, and (ii) the number of Common Shares on the Record Date will not have changed since the date of this Prospectus. See "*Consolidated Capitalization*". Additional Rights will be issued, and additional Common Shares will become issuable pursuant to the exercise of such Rights, if the number of Common Shares outstanding on the Record Date is greater than the number of Common Shares outstanding on the date of this Prospectus.

What fees or charges will I have to pay if I exercise Rights to purchase Common Shares?

Apart from the amount payable in connection with the exercise of your Rights, neither the Company nor the Subscription Agent is charging you any fee or sales commission to issue Rights to you or to issue Common Shares upon the exercise of such Rights. Notwithstanding the foregoing, payment of any service charge, commission or other fee payable (including those of brokers) in connection with the issuance, purchase, sale or transfer of Rights (other than the fees for the services to be performed by the Subscription Agent described herein) will be the responsibility of the Subscriber. See "*Description of Offered Securities – Fees Payable by Subscribers*".

What are the Canadian or United States federal income tax consequences of receiving or exercising Rights?

You should consult your tax advisor as to the particular consequences to you of the Rights Offering. A summary of certain material Canadian or United States federal income tax consequences of receiving or exercising the Rights is contained in the sections of this Prospectus titled "*Certain Canadian Federal Income Tax Considerations*" and "*Certain U.S. Federal Income Tax Considerations* ", respectively.

To whom should I send my forms and payment?

If you are a registered Eligible Holder, then you should send your properly completed Rights Certificate and subscription funds to the Subscription Agent by hand delivery, mail or courier service as follows:

Computershare Investor Services Inc.

By Hand or Courier to:
8th Floor, 100 University Ave.
Toronto, Ontario M5J 2Y1
Attention: Corporate Actions

By Mail to:
P.O. Box 7021
31 Adelaide St. E.
Toronto, Ontario M5C 3H2
Attention: Corporate Actions

The method used to deliver a completed Rights Certificate and subscription funds is at the option and risk of the Subscriber, and delivery will be deemed effective only when such certificate and payment are actually received by the Subscription Agent. Delivery by hand, or registered mail or courier service with return receipt requested and which is properly insured, allowing sufficient time to ensure timely delivery, is recommended.

If your Common Shares are held in the name of a Participant, then you should contact your Participant promptly for instructions and complete your subscription in accordance with the instructions you receive from them.

What will happen after the Rights Offering?

Completion of the Rights Offering and, if necessary, the Standby Commitment is a condition to the completion of the Debt Restructuring. Once the Rights Offering is completed, the Company will immediately use a portion of the proceeds to repay $10,000,000 in principal under the Second Lien Facility and, subject to satisfaction of the other conditions in the Debt Restructuring Agreement, issue approximately **[●]** Common Shares to AIMCo pursuant to the Debt Conversion.

Whom should I contact if I have other questions?

If you have any questions about exercising your Rights, you should contact the Subscription Agent, Computershare Investor Services Inc., at 1-800-564-6253 or by email at corporateactions@computershare.com. For a more complete description of the Rights Offering, see "*Description of Offered Securities*".

OTHER INFORMATION FOR SHAREHOLDERS

As reflected in this Prospectus, the Rights Offering is being made to all registered Shareholders to allow them to acquire up to their *pro rata* percentage of the Common Shares issuable upon the exercise of Rights (under the Basic Subscription Privilege) and, if they so elect, Additional Common Shares (under the Additional Subscription Privilege) in respect of Rights not exercised by other Shareholders. Shareholders who do not reside in an Eligible Jurisdiction will not be able to exercise their Rights unless they first become an Approved Eligible Holder.

Investment in any of the Offered Securities is subject to a number of risks, including, among others, the risk factors outlined in this Prospectus (see "*Risk Factors*" commencing on page 48). These and the other factors described in this Prospectus are reflective of the fact that projections and estimates of timing, revenues and costs involve subjective views and opinions of various individuals, and many factors beyond the control of the Company.

The descriptions of the risks and uncertainties in this Prospectus are focused on the adverse consequences to the Company and the market price of the Common Shares if the net effect of the Restructuring Transactions is a reduction in the value of the Company. Mr. Mathison and two of the Company's largest Shareholders, G2S2 and Matco, have agreed, subject to certain terms, conditions and limitations, to exercise their Basic Subscription Privilege in full and the Standby Purchasers have further agreed to provide the Standby Commitment, whereby they will collectively purchase the Standby Shares to the extent any Rights are not exercised pursuant to the Basic Subscription Privilege and Additional Subscription Privilege.

KEY DATES AND TIMES OF THE RIGHTS OFFERING

	Date
Date that the rights will be admitted for trading on the TSX	**[●]**, 2022
Record Date for participation in the Rights Offering	**[●]**, 2022
Commencement Date of Rights Offering	**[●]**, 2022
Expected mailing date of the final short form prospectus and Rights Certificates	**[●]**, 2022
Date on which sale of Rights of Ineligible Holders by Subscription Agent begins	**[●]**, 2022
End of trading Rights on the TSX	Noon (Toronto time) on **[●]**, 2022
Expiry Time and Expiry Date	5:00 p.m. (Toronto time) on **[●]**, 2022
Expected closing of the Rights Offering	**[●]**, 2022

SUMMARY DESCRIPTION OF BUSINESS

The Company

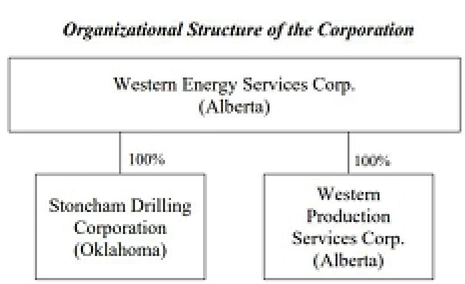
Western is an oilfield service company, with its corporate head office located in Calgary, Alberta. The Company provides contract drilling services in Canada through its Horizon Drilling division and in the United States through Stoneham Drilling Corporation, a wholly owned subsidiary of Western. Additionally, in Canada, Western provides production services through its wholly owned subsidiary, Western Production Services Corp., well servicing through its division Eagle Well Servicing, and oilfield rental equipment services through its division Aero Rental Services.

For a detailed description of the business of the Company and its subsidiaries, refer to the information provided under the headings, "*Corporate Structure*", "*General Development of the Business of the Corporation and its Operating Entities*" and "*Description of the Corporation's Business and Operations*" in the AIF.

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

Inter-Corporate Relationships

The following diagram illustrates the inter-corporate relationships among the Company and the Company's material subsidiaries.



Recent Developments

On December 30, 2021, the Company announced that AIMCo had agreed to extend the due date for payment of interest under the Second Lien Facility that would have otherwise been payable on January 4, 2022 to February 28, 2022 and that the Company was pursuing discussions with its lenders with respect to potential transactions to provide long-term financial stability to the Company through the current challenging industry environment. On February 28, 2022, the Company announced a further extension of the interest payment due date under the Second Lien Facility to March 21, 2022 to allow it to continue discussions with its lenders with respect to a potential transaction.

On March 21, 2022, the Company entered into the Debt Restructuring Agreement and Standby Purchase Agreement in connection with the Restructuring Transactions. See "*Debt Restructuring Agreement*" and "*Standby Purchase Agreement*".

BACKGROUND AND PURPOSE OF THE RIGHTS OFFERING

Rationale for the Rights Offering

The Company's management and Board regularly assess Western's ongoing business objectives and financial performance, including its debt management strategy, with a view to achieving those business objectives and enhancing shareholder value.

The Company's decision to undertake the Debt Restructuring and Rights Offering is the result of analysis, discussions and negotiations by and among representatives of the Company, the Special Committee, AIMCo, G2S2, Matco and their respective advisors to address the Company's increasing near term debt obligations in a challenging industry and economic environment. The following is a summary of the principal events leading up to the Company's announcement of the Restructuring Transactions on March 22, 2022.

Serious Financial Difficulty

The Company's industry has been facing economic challenges since 2014 when there was a significant reduction in the market price of oil and gas, as a result of U.S. shale production and a worldwide oversupply of crude oil and gas. This resulted in a reduction in customer demand, industry activity and revenues. These industry conditions became considerably more challenging following the onset of the global pandemic in 2020, when oil prices dropped further and oil and gas exploration activity dropped precipitously. The impact of these events on the Company has made it difficult for the Company to generate sufficient cash to satisfy its debt obligations and upgrade its rig fleet.

In 2017, the Company sought new financing to, among other things, fund the payment of the principal amount of its $265,000,000 senior unsecured notes maturing in January 2019 (the "**Senior Notes**"). In October 2017, the Company completed a bought deal public offering of 9,100,000 Common Shares at an issue price of $1.25 per share for proceeds of $11,375,000, and concurrently completed an offering of 9,100,000 Common Shares to AIMCo at the same price and for the same proceeds. At approximately the same time, the Company and AIMCo entered into the credit facility agreement for the Second Lien Facility, which matures on January 31, 2023. The Company fully drew the maximum of $215,000,000 principal amount of the Second Lien Facility on January 31, 2018 and used the proceeds of the Second Lien Facility and the two equity offerings, along with other available cash on hand, to redeem and pay out the Senior Notes.

The Company expected when it entered into the Second Lien Facility that the five-year term would provide the Company with adequate time to refinance the Second Lien Facility as industry conditions improved and other financing options became available. However, industry conditions have remained difficult and the Company has not been able to either raise capital through new equity financing or identify other sources of debt in order to repay the principal amount outstanding under the Second Lien Facility. Industry conditions have failed to improve and the Company has been required to direct its cash flow to servicing its obligations under the Second Lien Facility and the Senior Credit Facilities, leaving no cash available to invest in growing and maintaining the Company's business.

To address challenging industry and economic conditions and improve financial performance, the Company has continually been reducing costs, including reducing capital expenditures and undertaking significant reductions in staffing. The Board and senior management have also continually considered potential options to address the Company's debt position or otherwise identify de-leveraging business opportunities.

Although commodity prices have increased in recent months, and this has resulted in some increasing exploration and development activities in the Company's markets, positive effects of these developments on the Company's business have been limited because the exploration and production companies the Company serves have focused on directing more cash flow to reducing their own debt and returning cash to shareholders. As well, as a result of the industry downturn and COVID-19 pandemic, the Company must rebuild its field crews for any potential increase in activity, a task that could take up to 18 months or longer. Even with the modest improvement in the prospects of the oilfield service industry, the current economic environment does not provide for the immediate additional cash flow the Company requires.

The Company's debt obligations currently consist of:

- The Senior Credit Facilities, with a $50.0 million syndicated revolving credit facility and a $10.0 million committed Operating Facility, which mature on July 1, 2022 – approximately $9.0 million is currently drawn on the Senior Credit Facilities;
- The Second Lien Facility, with a current principal amount outstanding of approximately $218.5 million, including interest originally due on January 4, 2022 that was paid "in kind" and added to the outstanding principal amount;

- A $12.5 million committed non-revolving credit facility with HSBC, with the participation of Business Development Bank of Canada ("**BDC**") under BDC's credit availability program, due December 31, 2026 (the "**HSBC Facility**"), with a current principal amount outstanding of $12.3 million. The HSBC Facility bears interest at a floating rate that is payable monthly. Principal payments in the amount of $104,167 became due monthly beginning January 2022;
- A US$1.75 million loan under the U.S. paycheck protection program which matures on July 23, 2025, with a current principal amount outstanding of US$1.75 million; and
- Ongoing lease obligations of $7.6 million as at December 31, 2021, payable over the period 2022 to 2026, with monthly payments in 2022 anticipated to average approximately $250,000 per month.

In June 2020, the Company announced that AIMCo had agreed to defer the semi-annual interest payment then payable on July 2, 2020 to September 1, 2020 while it sought alternative financing arrangements. The Company engaged with HSBC to review various forms of financing; however, no feasible alternatives were identified in the near term so the Company applied borrowings under the Senior Credit Facilities to pay that interest to AIMCo on the Second Lien Facility. In December 2020, the Company and the lenders under the Senior Credit Facilities agreed to a new covenant package and an extension of the maturity date of the Senior Credit Facilities from December 17, 2021 to July 1, 2022. As a result of the extensive review of financing alternatives, the Company concurrently entered into the HSBC Facility. The Company applied borrowings under the HSBC Facility to pay interest on the Second Lien Facility for January 2021 as well as half of the interest payment for July 2021 and used an option to pay the remaining half of the interest in respect of the July 2021 payment "in kind". Payment of interest in kind increases the principal amount of the Second Lien Facility by the amount of the interest payment due plus an additional amount of interest calculated in accordance with the terms of the Second Lien Facility (the "**Additional Capitalized Interest**").

Background to the Restructuring Transactions

The Company has been engaged with AIMCo and the Standby Purchasers on an ongoing basis for the last seven months with respect to potential approaches to addressing the pending maturity of the Second Lien Facility.

Initially, in June 2021, G2S2 approached AIMCo regarding potential approaches to addressing the Company's financial situation with a view to reducing its debt burden and providing an influx of working capital. G2S2's proposal consisted of an equity rights offering that it would backstop, with the potential support of other significant shareholders, in conjunction with a partial repayment of the Second Lien Facility from the proceeds of the proposed rights offering, in addition to conversion of a significant portion of the debt outstanding thereunder. In the course of these discussions, AIMCo engaged Stifel Nicolaus Canada Inc. ("**Stifel FirstEnergy**") as its financial advisor to assist it with a potential restructuring of the indebtedness under the Second Lien Facility.

On August 31, 2021, AIMCo, contacted Mr. Mathison, the Chair of the Board to initiate discussions with Western for a potential recapitalization of Western and restructuring of the Second Lien Facility, acknowledging the challenges Western was facing in servicing the Second Lien Facility. AIMCo's non-binding proposal contemplated the Company converting a significant portion of the principal under the Second Lien Facility into Common Shares in a debt to equity exchange, with a concurrent rights offering to be backstopped by

Western's two largest shareholders, G2S2 and Matco. In addition, the proposal included a partial repayment of the Second Lien Facility with certain of the proceeds from the proposed rights offering and a proposed extension of the maturity date under the Second Lien Facility.

On September 15, 2021, Stifel FirstEnergy provided G2S2, Matco and the Board with an updated non-binding proposal (the "**Initial Proposal**"), substantially on the same terms discussed to that date, whereby AIMCo would agree to convert a significant amount of principal under the Second Lien Facility into Common Shares and amend the terms of the Second Lien Facility, provided that the Company undertook a concurrent rights offering, to be wholly backstopped by G2S2 and Matco, with a portion of the proceeds raised thereunder to be used as partial repayment of principal under the Second Lien Facility.

Management of the Company consulted with the Company's legal counsel, Blakes, with respect to the legal and procedural requirements in respect of the proposed transaction. In addition, members of the Board engaged in discussions regarding the appropriate process to review and consider the proposed transactions as set out in the Initial Proposal.

During late September through December, 2021, the Company's management and the Board continued discussions with AIMCo, Matco and G2S2 on a potential debt restructuring and rights offering. In late November 2021, AIMCo instructed its counsel, Torys LLP ("**Torys**") to prepare a more structured term sheet setting out in summary form the proposed Debt Restructuring and Rights Offering transactions, as well as the anticipated ancillary agreements arising therefrom.

On December 1, 2021 AIMCo presented the Company and Board with a non-binding term sheet setting out: (i) the proposed terms (the "**Subsequent Proposal**"), of a rights offering for aggregate proceeds of $31,500,000 to be backstopped by the Company's two largest shareholders, G2S2 and Matco, from which $10,000,000 of proceeds would be used to pay principal on the Second Lien Facility; (ii) the terms under which AIMCo would agree to convert approximately $100,000,000 of principal under the Second Lien Facility into Common Shares at a conversion price of $0.05 per Common Share; and (iii) the indicative terms for amendments to the Second Lien Facility including an extension of the maturity to the fourth anniversary of the completion of the Debt Restructuring. This term sheet also included proposed provisions regarding the granting of certain director nomination rights and registration rights to AIMCo. During this period, Blakes advised the Company with respect to: (i) the principles and procedures in evaluating related party transactions, and (ii) the legal procedures involved in respect of the proposed debt restructuring and rights offering.

On December 2, 2021 the Board met, including with management, to evaluate the terms of the Subsequent Proposal, giving regard to the various alternatives the Company had explored to address its financial challenges. See – "*Alternatives Considered by Management and the Board*".

In evaluating the Subsequent Proposal, the Board gave specific consideration to the opportunity to significantly reduce the Company's outstanding and near term debt obligations, in light of the upcoming interest payment under the Second Lien Facility due in January, 2022 and the maturity date of that facility on January 31, 2023, as well as the pending maturity of the Senior Loan Facilities in July 2022. The Board acknowledged that although the proposed debt conversion would significantly dilute the position of existing shareholders, the Company's shareholders would have an opportunity to participate in the proposed rights offering at a discount to the price at which AIMCo would convert the principal of the Second Lien Facility. In addition, the proposed rights offering would provide additional capital to the Company and the backstop by significant shareholders would provide assurance that sufficient proceeds would be raised.

The Board also considered that other financing alternatives were not available and ultimately determined that it would be in the best interest of the Company, to pursue discussions with AIMCo, Matco and G2S2 regarding the Subsequent Proposal.

At the December 2, 2021 meeting, the Board discussed the proposed transactions and received advice from Blakes regarding the duties of the Board and the processes involved in completing the proposed transactions. Following completion of the Board meeting on December 2, 2021, the Board determined that the Company should continue to engage with AIMCo regarding the proposed transactions, and continue to consider any alternative transactions that would address the Company's financial situation.

The Board gave specific consideration to the position of Messrs. Mathison and Armoyan as Company directors, in addition to their respective capacities as representatives of Matco, and G2S2 and Armco, who were proposed to provide a standby commitment in the rights offering.

Subsequently, on December 10, 2021, the Board held a meeting, at which Blakes, the Company's legal counsel, was present, to discuss the Subsequent Proposal. The Board discussed with Blakes that given the proposed transaction had progressed to the stage of a structured draft term sheet and involved AIMCo, an existing significant shareholder, in addition to the Company's two largest shareholders, Matco and G2S2, who are represented on the Board by Messrs. Mathison and Armoyan, respectively, such transaction would constitute a "related party transaction" as such term is defined in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**").

Accordingly, following discussion with Blakes and in consideration of the principles and procedural recommendations established in MI 61-101, the Board determined that it was appropriate to appoint a special committee of independent directors (the "**Special Committee**") consisting of Messrs. John Rooney, as chair, and Donald Copeland, each of whom: (a) are free from any conflict of interest with respect to the proposed transactions; (b) are independent to the extent required by applicable laws, rules and regulations, and stock exchange requirements, including MI 61-101; and (c) are independent in respect of AIMCo and the Standby Purchasers. In addition, the Board determined that Messrs. Rooney and Copeland were well qualified to carry out the mandate of the Special Committee in connection with the proposed transactions. The Board also reviewed a revised draft of the term sheet that had been prepared by the Company in consultation with Matco and G2S2 and determined to provide such revised term sheet back to AIMCo to facilitate further discussions regarding the proposed transactions.

The Special Committee was tasked with a mandate of assessing the proposed Debt Restructuring and Rights Offering in light of the Company's financial circumstances, current capital structure and prospects and determining whether to recommend the proposed transactions to the Board or propose an alternative having regard to, among other things, the interests of the Company's minority shareholders. On December 10, 2021, the Special Committee engaged Osler, Hoskin & Harcourt LLP ("**Osler**") as its independent legal advisor in respect of the proposed transactions, and met with Osler to discuss the duties and responsibilities of the Special Committee. The Special Committee subsequently met on December 13, 2021, December 15, 2021 and December 22, 2021 and held a number of additional calls to discuss the proposed transactions. The Special Committee determined that it would be appropriate to engage a financial advisor and began initial discussions with potential advisors to provide financial advisory services to the Special Committee.

During December 2021, the Special Committee, the Company, AIMCo, G2S2 and Matco and their respective advisors engaged in discussions on the structure and terms of the proposed transactions, including sequencing and logistics. Concurrently, in light of the ongoing discussions, the Company engaged with AIMCo to extend the payment of interest under the Second Lien Facility that was due on January 4, 2022. On December 30, 2021, the Company announced that AIMCo agreed to extend the due date for such payment to February 28, 2022. During this period the Board and management of the Company also continued to consider whether any alternatives to the proposed transactions would be feasible but no reasonable alternatives were identified.

The Board met on December 31, 2021 to discuss the status of the proposed transactions and the outstanding issues and directed the Company and its legal counsel to engage with AIMCo and its legal counsel, as well as G2S2 and Matco, to settle outstanding issues in respect of the proposed transactions. In early January 2022, concerns were raised by certain of the parties regarding the complexity and cost of implementing the transactions, and there was a postponement of further discussions while these concerns were addressed. In late January, the Company, G2S2 and Matco re-engaged in continuing discussions with AIMCo to advance settlement of final indicative transaction terms. Concurrently, the Company began discussions with its lenders under the Senior Credit Facilities and the HSBC Facility regarding amendments and required acknowledgments and consents to proceed with the Debt Restructuring. In February 2022, AIMCo's counsel began drafting definitive agreements with respect to the Debt Restructuring, and the Company's counsel began drafting this prospectus and documents relating to the Rights Offering.

On February 18, 2022 the Special Committee formally engaged ATB Capital Markets as its independent financial advisor to assist with the review of the Company's financial condition and ability to service its debt and to provide an assessment of whether the Restructuring Transactions were fair, from a financial point of view, to the Company.

On February 22, 2022, Torys provided Blakes with a draft of the Debt Restructuring Agreement, Registration Rights Agreement and Investor Rights Agreement and Blakes circulated the proposed form of Standby Purchase Agreement and the parties began to negotiate the terms of such definitive agreements. The Company also began negotiating amendments to the Senior Credit Facilities with its bank lenders, which included an extension of the maturity of the Senior Credit Facilities to the third anniversary of the closing of the Debt Restructuring. On February 28, 2022, the Company announced a further extension of the interest payment due to AIMCo under the Second Lien Facility from February 28, 2022 to March 21, 2022 to allow it to continue discussions with its lenders and the

Standby Purchasers with respect to the potential transactions. The substance of the definitive transaction documents, including the Debt Restructuring Agreement, the Standby Purchase Agreement, the Investor Rights Agreement and the Registration Rights Agreement were further negotiated during this period.

The Special Committee, both as a committee and through its chair, held multiple calls and meetings with representatives of some or all of Osler, ATB Capital Markets, the Board, management and Blakes over the course of January through March to track the negotiation of the proposed Transactions and various agreements. In addition, the Special Committee met with representatives of ATB Capital Markets and management on March 10, 2022 and participated in ATB Capital Markets' due diligence process. On March 21, 2022, the Special Committee met further with its legal and financial advisors to consider the terms of the proposed transactions, including the definitive Debt Restructuring Agreement, Investor Rights Agreement and Registration Rights Agreement, and Standby Purchase Agreement in addition to reviewing the draft preliminary prospectus in respect of the Rights Offering. In the course of its deliberations, the Special Committee gave particular consideration to the proposed Restructuring Transactions in light of the alternatives that had been explored by the Board and management. At that meeting, ATB Capital Markets presented the Special Committee with its analysis of the proposed Restructuring Transactions and provided a fairness opinion to the effect that, as of March 21, 2022, and based upon and subject to the assumptions, limitations and qualifications set forth therein, the Restructuring Transactions are fair, from a financial point of view to the Company (the "**ATB Fairness Opinion**"). See – "*Alternatives Considered by Management and the Board*".

Based upon, among other things, (i) the ATB Fairness Opinion and advice from the Special Committee's and the Company's legal advisors; (ii) the Special Committee's careful consideration of the terms of the Restructuring Transactions and the impact on the Company of a failure to proceed with the Restructuring Transactions; (iii) the fact that the Restructuring Transactions provide the Company with a more stable capital structure to continue to operate viably as a going concern; (iv) consideration of whether there were any potential financing or other alternatives to address the Company's maturing debt; and (v) the fact that the Rights Offering will provide all eligible shareholders with the right, but not the obligation, to participate in the Restructuring Transactions by subscribing for Common Shares on a pro rata basis at a significant discount to the conversion price of the Debt Conversion with AIMCo, the Special Committee determined that the Restructuring Transactions are fair and reasonable to the Company, are in the best interests of the Company and its current shareholders other than AIMCo, G2S2 and Matco, and, accordingly, unanimously recommended to the Board that the Restructuring Transactions be approved.

In making its recommendation to the Board, the Special Committee considered the following potential outcomes if the Company did not proceed with the Restructuring Transactions:

- the Company would be required to pay the July 2022 interest on the Second Lien Facility in kind again, increasing its debt by an additional $7.6 million, including Additional Capitalized Interest;
- the alternative prospects for replacement financing of the principal amount of the Senior Credit Facilities of $9.0 million (currently outstanding as of March 25, 2022), which becomes due on July 1, 2022, or the principal amount of the Second Lien Facility which becomes due on January 31, 2023, would be limited or unlikely to emerge; and
- the understanding that, given the number of amendments and extensions previously granted by AIMCo under the Second Lien Facility and the lenders under the Senior Credit Facilities to date and the Company's financial condition, such lenders were not prepared to provide further extensions absent a fundamental change to its capital structure.

Following the Special Committee meeting on March 21, 2022, the Board met, received the Special Committee's recommendation, and considered, among other things: (i) the recommendation of the Special Committee; (ii) the extensive analysis of alternatives pursued by management and the Board; (iii) the advice of ATB Capital Markets and the ATB Fairness Opinion; (iv) the advice of legal counsel as to the duties of the directors; (v) the current financial position of the Company including the pending maturities of the Second Lien Facility and the Senior Credit Facility and the possibility of default under the facilities in advance of maturity; (vi) the lack of viable alternatives to address the Company's debt position; and (vii) the significant debt reduction provided by the Debt Restructuring and proposed amendments to the Senior Credit Facility. Following extensive discussions, with Messrs. Mathison and Armoyan abstaining, the Board determined it was in the best interests of the Company to proceed with the Debt Restructuring and Rights Offering.

Alternatives Considered by Management and the Board

Prior to and concurrent with considering and negotiating the proposed transactions, management and the Board considered several alternatives to address the financial challenges facing the Company and to improve its financial situation, including engaging in initial discussions with the Company's significant stakeholders and third parties regarding proposals for financing. The various alternatives have included, among other things, the following:

- *Potential New Lenders* – The Company engaged with HSBC and regularly canvassed potential lenders from April 2020 to December 2020 and thereafter, including financial institutions and government-backed organizations with respect to potential debt financing solutions to replace the existing facilities which are reaching maturity. However, other than the $12.5 million HSBC Facility in December 2020 to assist in providing liquidity during the pandemic, the Company has not attracted any serious interest in obtaining debt financing solutions. The Company also participated in government financial assistance programs in connection with the pandemic, including the Canadian Emergency Wage Subsidy, Canadian Emergency Rent Subsidy and Employee Retention Credit. These sources of financing assisted in addressing the immediate financial need of the Company but did not provide a long-term sustainable solution to its liquidity constraints.

- *Business Combinations or Partnerships*. The Company explored discussions with financial advisors and potential counterparties regularly since the downturn but does not currently expect that a sale of the Company or business combination transaction would be of interest to any potential counterparties absent improvements to the Company's balance sheet.

- *Asset Sales*. The Company considered whether the sale of assets would generate cash to address its financial concerns. However, the Company does not expect that the market price of any excess equipment would generate enough proceeds to meaningfully affect the Company's level of debt.

- *Other Renegotiation or Extensions of Existing Credit Facilities*. The Company has engaged with its existing lenders on an ongoing basis to find long-term solutions to the existing debt maturities. As noted, the Company renegotiated the terms of the Senior Credit Facilities in December 2020 to extend the maturity and modify its terms. However, the Company's primary lenders have advised they are not prepared to provide the Company with any further extension or amendment to the terms absent a fundamental adjustment to the Company's capital structure such as the Debt Restructuring.

The Board and the Special Committee determined it is highly unlikely that any other alternative to the Company in the current market environment will become available in the near term to address its acute liquidity issues.

Shareholder Support

Under the policies and rules of the TSX (the "**TSX Rules**"), the Debt Restructuring is subject to the receipt of shareholder approval on the basis that the Debt Conversion would, among other things (i) result in the issuance of Common Shares at a discount to the market price exceeding the maximum discount permitted under the TSX Rules, (ii) include consideration to an insider of the Company exceeding 10% of the market capitalization of the Company, (iii) materially affect control of the Company, and (iv) involve the issuance of more than 25% of the number of outstanding Common Shares by way of a private placement at less than the market price.

Having regard to the imminent need to complete the Restructuring Transactions for the reasons set forth above, including that it is a requirement of AIMCo that the Debt Restructuring be effected in combination with the Rights Offering, the Board determined it was impracticable, from a cost and timing perspective, to hold a shareholder meeting to obtain the approvals. In making this determination, the Board considered that under the TSX Rules, the TSX has discretion to permit an issuer to proceed with a transaction that would otherwise require a formal meeting where shareholders holding more than 50% of the shares are familiar with and consent to the transactions in writing.

Given the support of each of G2S2, Matco and the directors and officers of the Company in respect of the Restructuring Transactions, the Company requested the TSX exercise its discretion in allowing the Company to proceed with the Debt Restructuring in reliance on the written consent. The Company was able to provide the TSX with written evidence that holders of more than 50% of the Company's issued and outstanding Common Shares (and greater than 62% of the Common Shares after excluding those held by AIMCo, on the basis of AIMCo's interest in the Debt Restructuring) are (i) familiar with and understand the terms of the Restructuring Transactions and (ii) are in favour of them. The Shareholders providing written consent included G2S2, Matco and the directors and officers of the Company (the "**Supporting Shareholders**").

MI 61-101 – Protection of Minority Security Holders in Special Transactions

In evaluating the Restructuring Transactions, the Special Committee and the Board also specifically considered that securities regulators in a number of provinces, including Alberta and Ontario, have adopted MI 61-101 to impose requirements for certain transactions, including those involving a reporting issuer and certain parties who are considered "related parties" of that issuer. Pursuant to MI 61-101, related party transactions are subject to formal valuation and minority shareholder approval requirements unless an exemption is available from those requirements.

Each of AIMCo, G2S2 and Matco (together with Mr. Mathison) are considered to be "related parties" of the Company under MI 61-101 on the basis that they exercise control and direction over 10% or more of the outstanding Common Shares of the Company.

In connection with its assessment and recommendation in respect of the Restructuring Transactions, the Special Committee and the Board considered the applicability of MI 61-101 and determined, with the advice of counsel, that the Debt Restructuring constitutes a "related party transaction" under MI 61-101 on the basis that the Company will be issuing securities to AIMCo pursuant to such transaction and will be materially amending the terms of its outstanding Second Lien Facility. Accordingly, absent exemptions the Debt Restructuring would be subject to formal valuation and minority shareholder approval requirements.

However, the Board has determined, upon receiving the recommendation of the Special Committee and on the advice of counsel, to rely on the financial hardship exemption contained in Section 5.5(g) of MI 61-101 from the formal valuation requirement after concluding, for the reasons stated above that (i) the Company is in serious financial difficulty; (ii) the Debt Restructuring is designed to improve the Company's financial position; and (iii) the terms of the Debt Restructuring are reasonable in the circumstances of the Company. In addition, the Board also determined, upon receiving the recommendation of the Special Committee and the advice of counsel, to rely on the financial hardship exemption in respect of minority shareholder approval contained in Section 5.7(1)(e) of MI 61-101, on the basis that the circumstances described above applied to the Company and the Restructuring Transactions and given that the TSX will not require the holding of a shareholder meeting, there is no requirement, corporate or otherwise to hold a meeting to obtain any approval of the holders of Common Shares in respect of the Restructuring Transactions.

In addition, as each of G2S2 and Matco (in Matco's case, together with Mr. Mathison) beneficially own and have control over more Common Shares than AIMCo, are not interested parties in respect of the Debt Restructuring, are at arm's length to AIMCo and support the transaction, the Debt Restructuring is exempt from the formal valuation and minority approval requirements under sections 5.5(e) and 5.7(1)(c), respectively, of MI 61-101.

Although none of the Standby Purchasers will receive any fees in connection with their Standby Commitment, the Rights Offering is also considered to be a related party transaction under MI 61-101 in that the Company has entered into an agreement with each of G2S2 and Matco with respect to the Standby Commitment. However, under Section 5.1(k) of MI 61-101, the requirements of Part 5 of the MI 61-101 do not apply to a rights offering if there is an interested party only because a related party of the issuer provides a stand-by commitment and the stand-by commitment complies with the requirements of National Instrument 45-106 – *Prospectus Exemptions.* As the Standby Commitment complies with such requirements, no formal valuation or minority securityholder approval is required in respect of the Rights Offering itself.

The proposed loans to the executive officers also constitute related party transactions under MI 61-101 in respect of the Company. However, G2S2 and Matco (in Matco's case, together with Ronald Mathison) beneficially own and have control over more Common Shares than each of the executive officers, are not interested parties in respect of such loans, are at arm's length to the executive officers and support the loan transaction. Accordingly, the loans to the executive officers are also exempt from the formal valuation and minority approval requirements under sections 5.5(e) and 5.7(1)(c), respectively, of MI 61-101.

Material Indebtedness of the Company; Support of Standby Purchasers

As at December 31, 2021, the Company had consolidated long term debt of $241,603,000, of which $211,262,000 is indebtedness owed to AIMCo under the Second Lien Facility.

As at December 31, 2021, the Company had negative cash flow of approximately $11.8 million. See "*Rationale for the Rights Offering*" and "*Use of Proceeds*".

PRINCIPAL HOLDERS OF SECURITIES

As of the date of this Prospectus, to our knowledge and based on publicly available information, no person beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of voting securities of the Company, except as follows:

	Number of Common Shares beneficially owned, or controlled or directed, directly or indirectly(1)	**Approximate percentage of total outstanding Common Shares**
G2S2	22,904,500	24.95%
Matco	9,992,840	10.89%
Ronald P. Mathison	8,303,664	9.05%
AIMCo	17,600,000	19.18%

Notes:

(1) G2S2, Matco and Ronald P. Mathison are the Company's largest Shareholders (other than AIMCo), holding an aggregate of 41,201,004 Common Shares, representing approximately **44.89**% of the Common Shares currently outstanding. G2S2, Matco and Mr. Mathison have agreed to exercise their Basic Subscription Privilege in full and the Standby Purchasers have agreed to provide the Standby Commitment, subject in each case to the terms and conditions of the Standby Purchase Agreement. See "*Standby Commitment*".

See "*Description of Offered Securities – No Exercise of Rights by Shareholders other than G2S2 and Matco*" for details on the Standby Purchaser's holdings following completion of the Rights Offering.

INTENTION OF INSIDERS AND OTHERS TO EXERCISE RIGHTS

Under the Standby Purchase Agreement, each of G2S2 and Matco, who are each insiders by virtue of their current shareholdings and are controlled by current directors of the Company and Mr. Mathison, a director of the Company, subject to certain terms and conditions and limitations, have agreed to exercise their Basic Subscription Privilege in full and the Standby Purchasers have agreed to purchase the Standby Shares at the Subscription Price pursuant to the Standby Commitment.

The Company expects that the Chief Executive Officer and Chief Financial Officer will exercise all or a portion of their respective Basic Subscription Privilege. In connection therewith, the Company has agreed to provide a loan to each of Messrs. MacAusland and Bowers in the amounts set out below which would match the amount of funds contributed personally by each of them, to a maximum amount equal to half of each of their pro rata share in the Rights Offering. The loans will be payable five years after their effective date, will bear interest at a variable rate which is higher than the lowest marginal borrowing rate available to the Company under its indebtedness, and will be payable monthly. The loans will be secured by a lien on all of the Common Shares subscribed for by each of them under the Rights Offering, including shares purchased with the respective officer's own funds. The Company will fund the amount of the loan from the Company's cash on hand.

Alex MacAusland / President and Chief Executive Officer	$[●]
Jeffrey Bowers / Senior Vice President, Finance and Chief Financial Officer	$[●]

AIMCo, which is a current insider of the Company holding approximately **19.18%** of the Common Shares, has agreed, pursuant to the terms of the Debt Restructuring Agreement, not to exercise any of its Rights in the Rights Offering.

See "*MI 61-101 – Protection of Minority Security Holders in Special Transactions*".

STANDBY PURCHASE AGREEMENT

In connection with the Restructuring Transactions and as a condition to the Debt Restructuring Agreement, G2S2, Armco, Matco, Ronald Mathison and Western entered into the Standby Purchase Agreement on March 21, 2022. Pursuant to the terms of the Standby Purchase Agreement, G2S2, Matco and Mr. Mathison have each agreed to exercise their Basic Subscription Privilege in full. In addition, each Standby Purchaser has agreed to subscribe for and purchase, at the Subscription Price, any Standby Shares to the extent any Rights are not exercised pursuant to the Basic Subscription Privilege and Additional Subscription Privilege. The Standby Purchasers have agreed to fulfil the Standby Commitment proportionately as follows: G2S2 (or Armco, on its behalf) as to 55.6% and Matco as to 44.4%. Pursuant to the terms of the Standby Agreement, G2S2 has guaranteed the performance of Armco, including all payment obligations, in the event that Armco fulfils G2S2's Standby Commitment. The Company is not obligated to pay any fees to the Standby Purchasers in connection with the Standby Purchase Agreement. The Standby Purchase Agreement is subject to customary closing conditions.

The Company is entitled to terminate the Standby Purchase Agreement by providing written notice to the Standby Purchasers if (i) certain conditions of the Standby Purchase Agreement are not satisfied on or before May 31, 2022; (ii) the final prospectus has not been filed in the Eligible Jurisdictions on or before May 31, 2022; or (iii) the Rights Offering is otherwise terminated or cancelled, or the Closing Date has not occurred on or before May 31, 2022.

Each of the Standby Purchasers and Mr. Mathison are entitled to terminate the Standby Purchase Agreement by providing written notice to the Company if (i) certain conditions of the Standby Purchase Agreement are not satisfied on or before May 31, 2022; (ii) the final prospectus has not been filed in the Eligible Jurisdictions on or before April 15, 2022, subject to an extension to May 15, 2022 if required to receive final approval of the TSX of the Debt Restructuring; (iii) the Rights Offering is otherwise terminated or cancelled, or the Closing Date has not occurred on or before May 31, 2022; (iv) the Debt Restructuring Agreement has been terminated or cancelled prior to the Closing Date; or (v) a Material Adverse Change (as defined in the Standby Purchase Agreement) shall have occurred.

The Subscription Price was agreed to by the Company, AIMCo, G2S2 and Matco through negotiations prior to the filing of this Prospectus for the Rights Offering, subject to the pricing requirements of the TSX and represents a discount of approximately **[●]**% to the VWAP of the Common Shares on the TSX for the five trading days ending on **[●]**, 2022, the last trading day before the date of the final prospectus.

A copy of the Standby Purchase Agreement has been filed under Western's profile on SEDAR at www.sedar.com.

DEBT RESTRUCTURING AGREEMENT

Pursuant to the Debt Restructuring Agreement dated March 21, 2022 made between the Company and AIMCo, (i) $10,000,000 of the Proceeds from the Rights Offering will be applied to the outstanding principal under Second Lien Facility; (ii) subject to the satisfaction of the other conditions under the Debt Restructuring Agreement, immediately upon completion of the Rights Offering, $100,000,000 of the Second Lien Facility principal will be converted into Common Shares at the Conversion Price; and (iii) the Second Lien Facility will be amended and restated. The Debt Conversion will result in the issuance to AIMCo of approximately **[●]** Common Shares, which is expected to result in AIMCo becoming a control person of the Company.

Pursuant to the terms of the Debt Restructuring Agreement, upon completion of the Restructuring Transactions, AIMCo and the Company have agreed to amend and restate the Second Lien Facility as follows:

- the balance of the Second Lien Facility principal shall be extended to a date that is four years from the date the Restructuring Transactions are completed;

- the interest rate for the Second Lien Facility shall be 8.50% from the date the Restructuring Transactions are completed;
- the Company shall make scheduled repayments of the outstanding principal under the Second Lien Facility of 0.25% per quarter;

- the Second Lien Facility shall be subject to negative covenants requiring AIMCo approval for certain matters including further borrowing arrangements, and payment of any distributions or dividends to holders of Common Shares; and

- the Second Lien Facility shall also be updated for customary market standard provisions provided that the material terms of the Second Lien Facility shall remain in place except as otherwise provided above.

As a condition of the Debt Restructuring, Western has agreed to conduct the Rights Offering to its Shareholders, of which $10,000,000 from the Proceeds will be applied to reduce the outstanding principal amount under the Second Lien Facility, with the remainder available to Western as working capital. In addition, the Debt Restructuring Agreement requires that AIMCo, the Standby Purchasers, Mr. Mathison and Western will enter into the Investor Rights Agreement and AIMCo and Western will enter into the Registration Rights Agreement described below.

Completion of the Debt Restructuring is subject to various other conditions, including the appointment of two nominees of AIMCo to the Board, completion of the Rights Offering and the Standby Commitment, if necessary, and approval by the TSX of the Debt Conversion and the issuance and listing of the Common Shares to be issued under the Debt Conversion. The Debt Restructuring Agreement may be terminated in certain circumstances, including (i) the termination of the Standby Purchase Agreement or certain credit agreements; (ii) at the election of AIMCo if an event of default occurs under the Second Lien Facility; (iii) upon written notice by AIMCo or the Company to the other parties on or after May 31, 2022; or (iv) upon written notice by AIMCo in the event the Final Prospectus has not been filed in each of the Eligible Jurisdictions on or before April 15, 2022.

A copy of the Debt Restructuring Agreement has been filed under Western's profile on SEDAR at www.sedar.com.

Concurrently with the Debt Restructuring Agreement, the Company entered into a commitment letter with certain of the lenders under its Senior Credit Facilities pursuant to which such lenders have agreed to consent to the Debt Conversion and the amendments to the Second Lien Facility, and to amend the terms of the Senior Credit Facilities to, among other things, provide for:

- an extension of the maturity of the Senior Credit Facilities from July 1, 2022, to a date that is three years following the closing date of the Debt Conversion;

- a reduction in the amount available under the syndicated Revolving Facility of the Senior Credit Facilities from $50 million to $35 million, with no change to the amount of the $10 million Operating Facility; and

- revisions to certain financial covenants, including: (i) a reduction of the debt to capitalization ratio from 0.6:1 or less to 0.5:1 or less, (ii) a new requirement for trailing twelve months EBITDA of $19.3 million in the first quarter of 2022 and $16.4 million in each of the second and third quarters of 2022, in each case, if the Senior Facilities are drawn above $25 million during such fiscal quarter or the net book value of property, plant and equipment is less than $250 million for the prior fiscal quarter, (iii) a new debt service coverage ratio of 1.1:1 at the end of the fourth quarter of 2022 and 1.15:1 at the end of each fiscal quarter thereafter, in each case, if the Senior Credit Facilities are drawn above $25 million during such fiscal quarter or the net book value of property, plant and equipment is less than $250 million for the prior fiscal quarter, and (iv) removal of the current ratio, minimum liquidity requirement and senior debt to capitalization ratio. In addition, payment of interest on the Second Lien Facility from the use of the proceeds of the Senior Facilities will be allowed.

INVESTOR RIGHTS AGREEMENT

Pursuant to the proposed terms of the Investor Rights Agreement, AIMCo will have the right to designate two director nominees for election to the Board for so long as AIMCo, together with its affiliates, beneficially owns or exercises control or direction over 30% or more of the then outstanding Common Shares. The parties thereto will agree that the number of nominees put forward to the Board shall not exceed eight nominees, including the AIMCo director nominees, without the prior consent of AIMCo. In addition, the Board will appoint one AIMCo nominee to the Health, Safety and Environmental Committee of the Board and one AIMCo nominee to the Corporate Governance and Compensation Committee of the Board. For so long as AIMCo is entitled to have nominees on the Board, the Standby Purchasers and Mr. Mathison will agree not to vote or cause to be voted (i) against the election of any AIMCo nominee to serve as director of the Company, or (ii) in favor of any proposal or resolution to remove an AIMCo nominee as director of the Company.

In the event that AIMCo elects not to designate a nominee for election or an AIMCo director nominee is not elected by a majority vote, then AIMCo will be entitled to designate an observer to the Board in lieu of that director nominee until such time as it has a director nominee again, such that AIMCo shall at all times have two individuals who are either AIMCo director nominees or Board observers.

The Investor Rights Agreement will terminate on the earlier of the date on which: (i) the Investor Rights Agreement is terminated by the written agreement of the Company, AIMCo, the Standby Purchasers and Mr. Mathison, and (ii) AIMCo, together with its affiliates, beneficially owns or exercises control or direction over less than 30% of the then outstanding Common Shares.

REGISTRATION RIGHTS AGREEMENT

Pursuant to the proposed terms of the Registration Rights Agreement, AIMCo will have the right to require the Company to qualify Common Shares held by AIMCo for distribution by way of a secondary offering prospectus (a "**Demand Prospectus**") prepared in accordance with applicable Canadian securities laws (a "**Demand Registration**"). AIMCo will be entitled to a maximum of two Demand Registrations in any twelve-month period; provided, however, that the aggregate market value of Common Shares specified in each request for a Demand Registration is not less than $10,000,000. The Company will not be obligated to take any action to effect a Demand Registration if a Demand Prospectus has been filed within 90 days preceding such request.

AIMCo may request that the Company include Common Shares held by AIMCo in any qualification or registration of Common Shares by the Company under applicable Canadian securities laws (a "**Piggyback Registration**"). The Company must cause to be included in the Piggyback Registration all Common Shares that AIMCo requests to be included; provided, however, that if a Piggyback Registration is a distribution of securities by the Company and the lead underwriter(s) or agent(s) advise that the total number of securities requested to be included in the distribution exceeds the number that can be sold in such offering without being likely to have a significant adverse effect on the price, timing or distribution of the securities offered or the market for the securities offered, the Company will include in such distribution: (i) first, as many of the Common Shares (or other securities) that the Company proposes to sell from treasury; (ii) second, and only if all the securities referred to in clause (i) have been included, the number of Common Shares that can be sold without having such adverse effect, with such number to be allocated among AIMCo and other securityholders of the Company who at such time have registration, distribution or similar qualification rights and who have requested to include their Common Shares in such distribution; and (iii) third, and only if all the securities referred to in clause (ii) have been included, any other securities eligible for inclusion in such registration.

The Company will pay all registration expenses in connection with a Demand Registration or a Piggyback Registration, provided that the Company will not be required to pay any underwriting commissions, discounts or brokers' commissions, if any, attributable to the sale of the Common Shares.

Upon receipt of a request from AIMCo for a Demand Registration or a Piggyback Registration, the Company will use its commercially reasonable efforts to effect the distribution of the Common Shares which are the subject of such Demand Registration or a Piggyback Registration. The Company is obligated to indemnify AIMCo and its affiliates (and their respective officers, directors, managers, shareholders, employees, advisors and agents) and their respective representatives from and against all losses, claims, damages, liabilities and expenses arising out of or based upon any information or statement in a preliminary prospectus or final prospectus, including all documents incorporated therein by reference, that contains or is alleged to contain a misrepresentation or any omission of a preliminary prospectus or a final prospectus to contain full, true and plain disclosure of all material facts relating to the securities distributed thereunder, or any violation or alleged violation by the Company or any of its subsidiaries of any federal, state, provincial, foreign or common law rule or regulation applicable to the Company or any of its subsidiaries and relating to action or inaction in connection with any such preliminary prospectus or final prospectus and any distributions related thereto, except insofar as any untrue statement or omission or any misrepresentation related to AIMCo furnished in writing to the Company by AIMCo expressly for use therein.

The Registration Rights Agreement will terminate on the earlier of the date on which: (i) the Registration Rights Agreement is terminated by the written agreement of the parties, and (ii) the holders entitled to rights under the Registration Rights Agreement beneficially own, in the aggregate, less than 10% of the then outstanding Common Shares. AIMCo shall cease to be a party to the Registration Rights Agreement if AIMCo, together with its affiliates, ceases to beneficially own 10% or more of the then outstanding Common Shares.

USE OF PROCEEDS

The aggregate Proceeds from the Rights Offering (assuming full exercise of the Rights, including after giving effect to the Standby Commitment, if necessary) are estimated to be approximately $31,500,000.

The Company intends to use the Proceeds of $31,500,000 from the Rights Offering as follows:

Partial Repayment of Second Lien Facility	$ 10,000,000
Expenses from the Rights Offering and Debt Restructuring	**$ [●]**

The remaining net Proceeds are expected to be $**[●]** and will be used for maintenance and growth capital for the Company and for general corporate purposes.

The primary business objective of the Rights Offering is to restructure Western's long term debt and provide sufficient capital for short-term commitments. The Company anticipates that immediately prior to the completion of the Rights Offering, which is expected to be on or about **[●]**, 2022, the aggregate amount of debt due to AIMCo under the Second Lien Facility is expected to be approximately $218,500,000 comprised of principal and accrued interest.

Upon completion of the Rights Offering and, if necessary, the Standby Commitment and satisfaction of the other conditions under the Debt Restructuring Agreement, including partial repayment of the Second Lien Facility, AIMCo and the Company will effect the Debt Conversion, pursuant to which a further $100,000,000 of principal under the Second Lien Facility will be settled in exchange for Common Shares issued from treasury at the Conversion Price. Upon completion of the Restructuring Transactions, a balance of $108,500,000 is expected to remain outstanding under the Second Lien Facility, which will have a revised maturity date of **[●]**, 2026. Upon completion of the Restructuring Transactions, AIMCo, which is currently an insider of the Company, will beneficially hold an aggregate of approximately **[●]** Common Shares.

DESCRIPTION OF THE COMMON SHARES

The following is a summary of the rights, privileges, restrictions and conditions attaching to the Common Shares.

Western is authorized to issue an unlimited number of Common Shares. As of the date of this Prospectus, there are **91,788,008** Common Shares issued and outstanding. Holders of Common Shares are entitled to dividends as and when declared by the Board, to one vote per share at meetings of Shareholders and, upon liquidation, to receive such assets of the Company as are distributable to the shareholders of the Company, subject to the rights of holders of Preferred Shares having priority over the Common Shares. All of the Common Shares issued and outstanding have been issued as fully paid and non-assessable.

Options to Purchase Common Shares

The Rights Offering is a corporate transaction that will affect the Company's issued share capital and its outstanding equity securities that are convertible into, exchangeable for or exercisable to acquire unissued share capital ("**Convertible Securities**"). Some, but not all, of the Company's outstanding Convertible Securities are subject to an anti-dilution adjustment provision intended to ensure that a holder of Convertible Securities is entitled to acquire equivalent share capital after the occurrence of a relevant corporate transaction, such as the Rights Offering.

Currently granted Stock Options and RSUs issued under the Company's Stock Option Plan and RSU Plan, respectively, are not subject to specific anti-dilution adjustment provisions extending to the Rights Offering. Instead, the RSU Plan authorizes the Board to make appropriate adjustments to the terms of outstanding RSUs to reflect changes to the Common Shares resulting from corporate transactions such as the Rights Offering. Subject to the prior approval of the TSX, the Company may adjust the terms of its outstanding RSUs. The Stock Option Plan does not include a similar mechanism to adjust the terms of outstanding Stock Options as a result of the Rights Offering. Information provided elsewhere in this Prospectus with respect to the number of Convertible Securities issued and outstanding is given without giving effect to the anti-dilution adjustment provision relating to RSUs described above. If additional Common Shares are issued prior to the Record Date pursuant to the exercise or exchange of outstanding Stock Options or RSUs, additional Rights will be issued.

The Company's Stock Option Plan is a rolling plan. Assuming that the Rights Offering is fully subscribed and the number of Common Shares issued and outstanding increases, the number of Stock Options available for issuance will increase to **[●],** being 10% of the issued and outstanding Common Shares.

CONSOLIDATED CAPITALIZATION

The following table sets forth the Company's capitalization as at December 31, 2021 and the pro forma consolidated capitalization as at December 31, 2021, after giving effect to the Rights Offering and Debt Restructuring. Other than as set forth below, there has not been any material change in the share and loan capital of Western on a consolidated basis, since December 31, 2021. The capitalization table should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2021, which are incorporated by reference in this Prospectus.

		As at December 31, 2021 (000's except Common Share data)		**As at December 31, 2021 after giving effect to the Rights Offering and Debt Restructuring (000's except Common Share data)**
Outstanding Common Shares(1)		91,706,457		[●](2)
Long-term Debt				
Second Lien Facility(3)	$	211,262	$	108,497
First Lien Facilities(4)	$	8,000	$	8,000
HSBC Facility	$	12,500	$	12,500
Share capital(5)	$	441,672	$	[●]

Notes:

(1) Excludes any Common Shares underlying outstanding options.

(2) Upon completion of the Rights Offering (assuming full subscription) and Debt Restructuring, including the issuance of Common Shares thereunder and partial repayment and conversion of a portion of the Second Lien Facility.

(3) See "*Background and Purpose of the Rights Offering – Material Indebtedness of the Company; Support of Standby Purchasers*".

(4) As at December 31, 2021, Western had the Operating Facility and the Revolving Facility.

(5) The unaudited pro forma capitalization as at December 31, 2021 assumes full subscription under the Rights Offering and the issuance of **[●]** Common Shares pursuant to the exercise of all Rights, in addition to the issuance of [●] Common Shares to AIMCo pursuant to the Debt Conversion, and the application of the proceeds therefrom as described under "*Use of Proceeds*".

Under the terms of the Rights Offering, the amount to be received by the Company upon the exercise of the Rights is approximately $31,500,000 of which $10,000,000 will be used for repayment of principal under the Second Lien Facility.

DIVIDENDS

The amount and timing of future cash dividends, if any, will be subject to the discretion of the Board and may vary depending on a variety of factors and conditions, including, among other things, cash flow from operations generated by Western and its subsidiaries, financial requirements for Western's operations and the execution of its growth strategy, fluctuations in working capital, the timing and amount of capital expenditures, debt service requirements and covenants, statutory liquidity requirements under the ABCA and other factors beyond the control of Western.

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

PRIOR SALES

The following tables set forth, for each class of securities of the Company that is outstanding but not listed or quoted on a marketplace, the price at which securities of the class have been issued during the 12-month period prior to the date hereof and the number of securities of the class issued at that price and the date on which the securities were issued.

Stock Options

Description	Number of Securities	Price per Security (1) ($)	Date of Issuance
Stock Options	2,870	0.36	April 1, 2021
Stock Options	1,030	0.44	July 2, 2021

Notes:

(1) Represents the exercise price per Stock Option.

Restricted Share Units

Cash Settled

Description	Number of Securities	Date of Issuance
RSU	NIL	N/A

Treasury Settled

Description (1)	Number of Securities	Date of Issuance
RSU	500	April 1, 2021
RSU	3,320	July 2, 2021

PRICE RANGE AND TRADING VOLUME

The Common Shares are listed on the TSX under the symbol "WRG". The following table indicates the monthly range of high and low closing prices of a Common Share and the total monthly volumes traded on the TSX during the period beginning on March 1, 2021 and ending on March 28, 2022.

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

	Price Range (1)		
2021	**High ($)**	**Low ($)**	**Volume (1)**
March	0.44	0.35	197,736
April	0.53	0.40	610,797
May	0.50	0.39	147,190
June	0.51	0.41	244,990
July	0.475	0.27	383,176
August	0.34	0.26	414,950
September	0.35	0.28	316,074
October	0.45	0.28	483,224
November	0.43	0.30	403,300
December	0.385	0.26	664,143
2022			
January	0.36	0.275	303,690
February	0.36	0.27	534,264

March (2)	**0.50**	**0.195**	**4,912,662**

Notes:

(1) Information is presented on a consolidated basis as reported by Bloomberg under "WRG".
(2) Up to and including March 28, 2022.

On March 28, 2022, the last trading day prior to filing this Prospectus, the closing price of the Common Shares on the TSX was $ 0.20 per Common Share.

DESCRIPTION OF OFFERED SECURITIES

Issue of Rights and Record Date

Shareholders of record at 5:00 p.m. (Toronto time) on the Record Date will receive Rights on the basis of one Right for each Common Share held at that time. The Rights permit Eligible Holders to subscribe for and purchase from the Company up to an aggregate of **[●]** Common Shares, assuming exercise in full of the Rights issued hereunder. The Rights are transferable in Canada by the holders thereof. See "*Description of Offered Securities – Sale or Transfer of Rights*". The Rights may not be transferred to any person within the United States. Holders of Common Shares in the United States who receive Rights may transfer or resell them only in transactions outside of the United States in accordance with Regulation S under the U.S. Securities Act, which generally will permit the resale of the Rights through the facilities of the TSX. See "*Description of Offered Securities – U.S. Registration and Transfer*".

A Rights Certificate evidencing the number of Rights to which a holder is entitled as at the Record Date and the number of Common Shares which may be obtained on exercise of those Rights will be mailed with a copy of this Prospectus to each registered Shareholder as of 5:00 p.m. (Toronto time) on the Record Date whose address of record is in an Eligible Jurisdiction. See "*Description of Offered Securities – Rights Certificate – Common Shares Held in Registered Form*".

Registered Shareholders as of 5:00 p.m. (Toronto time) on the Record Date whose address of record is in an Ineligible Jurisdiction will not receive any Rights Certificates in respect of their Rights. Instead, the Rights Certificates associated with their Common Shares will be delivered to the Subscription Agent on behalf of such registered Shareholders. See "*Description of Offered Securities – Ineligible Holders*".

Shareholders that hold their Common Shares through a Participant will not receive physical Rights Certificates evidencing their ownership of Rights. On the Record Date, a global position representing such Rights will be issued electronically to, and in the name of, CDS See "*Description of Offered Securities – Rights Certificate – Common Shares Held Through CDS*".

Subscription Basis

Each Right entitles an Eligible Holder to subscribe for **[●]** Common Shares at the Subscription Price of $**[●]**. The Subscription Price was agreed to by the Company, AIMCo and the Standby Purchasers through negotiations prior to the filing of this Prospectus for the Rights Offering, subject to the pricing requirements of the TSX Rules and represents a discount of approximately **[●]**% to the VWAP of the Common Shares on the TSX for the five trading days ending on **[●]**, 2022, the last trading day before the date of the final prospectus. See "*Plan of Distribution*" and "*Statutory and Contractual Rights*".

Where the exercise of Rights would otherwise entitle a holder to receive fractional Common Shares, the holder's entitlement will be reduced to the next lowest whole number of Common Shares. The Company will not issue fractional Common Shares or pay cash in lieu thereof. Participants that hold Rights for more than one beneficial holder may, upon providing evidence satisfactory to the Company, exercise Rights on behalf of its accounts on the same basis as if the beneficial owners of Common Shares were holders of record on the Record Date.

Commencement Date and Expiry Date

The Rights will be eligible for exercise beginning on the Commencement Date and will expire at the Expiry Time on the Expiry Date. Eligible Holders who validly exercise their Rights will become holders of Common Shares issued through the exercise of the Rights on the completion of the Rights Offering, which is expected to occur on or before the third business day following the Expiry Date. **RIGHTS NOT VALIDLY EXERCISED AND RECEIVED BY THE SUBSCRIPTION AGENT PRIOR TO THE EXPIRY TIME ON THE EXPIRY DATE WILL BE VOID AND OF NO VALUE.**

Basic Subscription Privilege

Under the Basic Subscription Privilege, each Right entitles an Eligible Holder to acquire **[●]** Common Shares at the Subscription Price by subscribing and making payment in the manner described herein prior to the Expiry Time on the Expiry Date. A holder of Rights that subscribes for some, but not all, of the Common Shares pursuant to the Basic Subscription Privilege will be deemed to have elected to waive the unexercised balance of such Rights, and such unexercised balance of Rights will be void and of no value unless the Subscription Agent is otherwise specifically advised by such holder at the time the Rights Certificate is surrendered that the Rights are to be transferred to a third party or are to be retained by the holder. Holders that do not wish to exercise their Rights may sell or transfer their Rights through usual investment channels, such as investment dealers and brokers, at the expense of the holder. In addition, registered Shareholders may transfer their Rights through the Subscription Agent using Form 3 as described in this Prospectus. See "*Description of Offered Securities – Sale or Transfer of Rights*". Eligible Holders may elect to exercise only some of their Rights and dispose of the remainder of them. See "*Description of Offered Securities – Sale or Transfer of Rights*". Holders of Rights who exercise in full the Basic Subscription Privilege for their Rights are also entitled to subscribe for Additional Common Shares, if any, that are not otherwise subscribed for under the Rights Offering on a pro rata basis, prior to the Expiry Time on the Expiry Date pursuant to the Additional Subscription Privilege. See "*Description of Offered Securities – Additional Subscription Privilege*".

In order to exercise the Rights represented by a Rights Certificate, the registered holder of Rights must complete and deliver the Rights Certificate to the Subscription Agent in the manner and upon the terms set out therein as described in this Prospectus and pay the aggregate Subscription Price. Subject to statutory withdrawal rights, as described herein, any exercise of Rights for Common Shares is irrevocable once submitted. However, in the event the Rights Offering is terminated prior to the Closing Date, including in the event the Company does not receive funds from the Standby Purchasers or the Standby Purchase Agreement is otherwise terminated, the Subscription Agent will return all subscription funds delivered by Subscribers without interest or deduction, whether under the Basic Subscription Privilege or Additional Subscription Privilege.

For Rights held beneficially through a Participant, the beneficial holder may subscribe for Common Shares by instructing the Participant holding such holder's Rights to exercise all or a specified number of such Rights and forwarding the Subscription Price for each Common Share subscribed for in accordance with the terms of this Rights Offering to such Participant. Subject to statutory withdrawal rights, as described herein, any exercise of Rights for Common Shares made in connection with the Rights Offering through a Participant will be irrevocable and Subscribers will be unable to withdraw their subscriptions for Common Shares once submitted.

The Subscription Price is payable in C$ by certified cheque, bank draft, bank transfer or money order drawn to the order of the Subscription Agent. In the case of subscription through a Participant, the Subscription Price is payable by certified cheque, bank draft, bank transfer or money order drawn to the order of such Participant, by direct debit from the Subscriber's brokerage account or by electronic funds transfer or other similar payment mechanism. The entire Subscription Price for Common Shares subscribed for must be paid at the time of subscription and must be received by the Subscription Agent at the Subscription Office prior to the Expiry Time on the Expiry Date. Accordingly, a Subscriber subscribing through a Participant must deliver its payment and instructions sufficiently in advance of the Expiry Date to allow the Participant to properly exercise the Rights on its behalf.

Neither the Company nor the Subscription Agent undertakes to Subscribers that it will, or will attempt to, correct an incomplete or incorrect subscription form or payment. The Company has the sole discretion to determine whether an exercise of Rights properly follows the subscription procedures, provided that Rights not exercised by the Expiry Time will be void and of no value and no longer exercisable for Common Shares.

As soon as practicable after the Expiry Date, the Subscription Agent will send to each Eligible Holder that has exercised the Basic Subscription Privilege a certificate evidencing the number of Common Shares subscribed for by such Eligible Holder under the Basic Subscription Privilege, which number of Common Shares may be combined with any Additional Common Shares subscribed for.

See "*Description of Offered Securities – Additional Subscription Privilege*" and "*Description of Offered Securities – Common Share Certificates*" below.

For information on how to exercise Rights, see "*Description of Offered Securities – Rights Certificate – Common Shares Held Through CDS*" and "*Description of Offered Securities – Rights Certificate – Common Shares Held in Registered Form*" below.

The Common Shares issuable upon the exercise of Rights have not been qualified for distribution in jurisdictions other than the Eligible Jurisdictions. Accordingly, neither the Company nor the Subscription Agent will accept any exercise or purported exercise of Rights, including under the Basic Subscription Privilege, by a holder who is, or who appears to be, resident in a jurisdiction that is not an Eligible Jurisdiction unless such holder is an Approved Eligible Holder. See "*Description of Offered Securities – Ineligible Holders*".

Additional Subscription Privilege

Each holder of Rights who has exercised in full the Basic Subscription Privilege may subscribe for Additional Common Shares, if available, at a price equal to the Subscription Price for each Additional Common Share (the "**Additional Subscription Privilege**"). The total number of Additional Common Shares available will be the difference, if any, between the total number of Common Shares issuable upon the exercise of all Rights offered under the Rights Offering and the total number of Common Shares subscribed and paid for pursuant to the Basic Subscription Privilege at the Expiry Time on the Expiry Date. Subscriptions for Additional Common Shares will be received subject to allotment only, and the number of Additional Common Shares, if any, that may be allotted to each Subscriber will be equal to the lesser of: (a) the number of Additional Common Shares that such Subscriber has subscribed for; and (b) the product (disregarding fractions) obtained by multiplying the number of Additional Common Shares available to be issued by a fraction, the numerator of which is the number of Rights previously exercised by the Subscriber and the denominator of which is the aggregate number of Rights previously exercised by all holders of Rights that have subscribed for Additional Common Shares. If any holder of Rights has subscribed for fewer Additional Common Shares than such holder's *pro rata* allotment of Additional Common Shares, the excess Additional Common Shares will be allotted in a similar manner among the remaining holders of Rights who subscribed for Additional Common Shares and who were allotted fewer Additional Common Shares than they subscribed for, up to the number of Common Shares subscribed for under the Basic Subscription Privilege by such holder.

To subscribe for Additional Common Shares under the Additional Subscription Privilege, each holder of Rights must forward their request to the Subscription Agent or their Participant, as applicable, prior to the Expiry Time on the Expiry Date. Payment for Additional Common Shares, in the same manner as required upon exercise of the Basic Subscription Privilege, must accompany the request when it is delivered to the Subscription Agent or a Participant, as applicable. Any excess funds will be credited to a Subscriber's account with its Participant without interest or deduction. Payment of such price must be received by the Subscription Agent prior to the Expiry Time on the Expiry Date, failing which the Subscriber's entitlement to such Additional Common Shares will terminate. A Subscriber subscribing through a Participant must deliver its payment and instructions to its Participant sufficiently in advance of the Expiry Time on the Expiry Date to allow the Participant to properly exercise the Additional Subscription Privilege on its behalf.

As soon as practicable after the Expiry Date, the Subscription Agent will send to each Eligible Holder that has exercised the Additional Subscription Privilege a certificate evidencing the number of Common Shares subscribed for by such Eligible Holder under the Additional Subscription Privilege, which number of Common Shares may be combined with such Subscriber's Common Shares subscribed for under the Basic Subscription Privilege. See "*Description of Offered Securities – Basic Subscription Privilege*" above and "*Description of Offered Securities – Common Share Certificates*" below.

For additional information on how to exercise Rights, see "*Description of Offered Securities – Rights Certificate – Common Shares Held Through CDS*" and "*Description of Offered Securities – Rights Certificate – Common Shares Held in Registered Form*" below.

The Common Shares issuable upon the exercise of Rights have not been qualified for distribution in jurisdictions other than the Eligible Jurisdictions. Accordingly, neither the Company nor the Subscription Agent will accept any exercise or purported exercise of Rights, including under the Additional Subscription Privilege, by a holder who is, or who appears to be, resident in a jurisdiction that is not an Eligible Jurisdiction unless such holder is an Approved Eligible Holder. See "*Description of Offered Securities – Ineligible Holders*".

Fees Payable by Subscribers

Apart from the Subscription Payment payable in connection with the exercise of Rights under the Basic Subscription Privilege or Additional Subscription Privilege, there will be no fee or sales commission charged by us or the Subscription Agent on the issuance of Rights to Shareholders or upon the exercise of such Rights. Notwithstanding the foregoing, payment of any service charge, commission or other fee payable (including those of brokers) in connection with the purchase or sale of Rights (other than the fees for the services to be performed by the Subscription Agent referred to below under "**Subscription Agent**") will be the responsibility of the Subscriber. Subscribers must also pay all stamp, issue, registration or other similar taxes or duties contingent upon the issuance or delivery of Common Shares to or for the order of a third party.

No Exercise of Rights by Shareholders other than Standby Purchasers

If a Shareholder does not exercise all of its Rights pursuant to the Basic Subscription Privilege, the Shareholder's equity ownership in the Company will be diluted by the issuance of Common Shares upon the exercise of Rights by other Shareholders, and, if applicable, the purchase of Standby Shares by the Standby Purchasers, which dilution may be significant.

The shareholdings of Shareholders (other than AIMCo) will be further significantly reduced upon the completion of the Debt Conversion and issuance of an additional **[●]** Common Shares to AIMCo pursuant thereto. The issuance of these additional Common Shares will result in AIMCo holding approximately **[●]**% of the Common Shares and will cause significant dilution to the Company's Shareholders on its own.

In the event that none of the holders of Rights (other than Mr. Mathison and the Standby Purchasers) exercises their Rights and all of the Common Shares issuable upon the exercise of Rights held by such holders are purchased by the Standby Purchasers as Standby Shares, an aggregate of **[●]** Common Shares will be acquired by the Standby Purchasers and Mr. Mathison and, following the completion of the Rights Offering, G2S2 (together with Armco) will beneficially own **[●]** Common Shares and Matco (together with Mr. Mathison personally) will beneficially own **[●]** Common Shares, representing approximately **[●]**% and **[●]**%, respectively, of the Common Shares estimated to be outstanding upon completion of the Rights Offering. If this occurs, holdings by public Shareholders (which excludes insiders) will be reduced to less than **[●]**% of the Company's issued and outstanding Common Shares upon completion of the Rights Offering and the Debt Conversion. See "*Standby Commitment*", "*Debt Restructuring*" and "Risk Factors".

Deemed Representation and Warranty of Each Subscriber

Payment of the Subscription Price will constitute a representation to the Company and, if applicable, to the Participant, by the Subscriber (including by its agents) that: (a) the Subscriber is not a citizen or resident of an Ineligible Jurisdiction (unless the Subscriber is an Approved Eligible Holder); and (b) the Subscriber is not purchasing the Common Shares for resale to any person (unless such person is an Approved Eligible Holder) who is a citizen or resident of an Ineligible Jurisdiction (unless the Subscriber is an Approved Eligible Holder).

Subscription and Transfer Agent

The Subscription Agent has been appointed the agent of the Company to receive subscriptions and payments from holders of Rights Certificates, to act as registrar and transfer agent for the Common Shares and to perform certain services relating to the exercise and transfer of Rights. The Company will pay for the services of the Subscription Agent. Subscriptions and payments under the Rights Offering should be sent to the Subscription Agent at:

Computershare Investor Services Inc.

By Hand or Courier to:
8th Floor, 100 University Ave.
Toronto, Ontario M5J 2Y1
Attention: Corporate Actions

By Mail to:
P.O. Box 7021
31 Adelaide St. E.

Toronto, Ontario M5C 3H2
Attention: Corporate Actions

The method used to deliver a completed Rights Certificate and subscription funds is at the option and risk of the Subscriber, and delivery will be deemed effective only when such certificate and payment are actually received by the Subscription Agent. Delivery by hand, or registered mail or courier service with return receipt requested and which is properly insured, allowing sufficient time to ensure timely delivery, is recommended.

Rights Certificate – Common Shares Held in Registered Form

For all registered Shareholders with an address of record in an Eligible Jurisdiction, a Rights Certificate representing the total number of Rights to which each such Shareholder is entitled as at the Record Date and indicating the number of Common Shares which may be obtained on exercise of those Rights will be mailed with a copy of this Prospectus to each such Shareholder. In order to exercise the Rights represented by the Rights Certificate, such holder of Rights must complete and deliver the Rights Certificate in accordance with the instructions set out under "*How to Complete the Rights Certificate*" below. Rights not exercised by the Expiry Time on the Expiry Date will be void and of no value.

Rights Certificate – Common Shares Held Through CDS

For all Shareholders who hold their Common Shares through a securities broker or dealer, bank or trust company or other Participant with an address of record in an Eligible Jurisdiction in the book-based system administered by CDS, a global position representing the total number of Rights to which all such Shareholders as at the Record Date are entitled will be issued in registered form to CDS and will be deposited with CDS on the Commencement Date. The Company expects that each beneficial Shareholder will receive a confirmation of the number of Rights issued to it from its Participant in accordance with the practices and procedures of that Participant. CDS will be responsible for establishing and maintaining book-entry accounts for Participants holding Rights.

Neither the Company nor the Subscription Agent will have any liability for: (a) the records maintained by CDS or Participants relating to the Rights or the book-entry accounts maintained by them; (b) maintaining, supervising or reviewing any records relating to such Rights; or (c) any advice or representations made or given by CDS or Participants with respect to the rules and regulations of CDS or any action to be taken by CDS or Participants.

The ability of a person having an interest in Rights held through a Participant to pledge such interest or otherwise take action with respect to such interest (other than through a Participant) may be limited due to the lack of a physical certificate.

Shareholders who hold their Common Shares beneficially through a Participant must arrange purchases or transfers of Rights through their Participant. It is anticipated by the Company that each such purchaser of a Common Share or Right will receive a customer confirmation of issuance or purchase, as applicable, from the Participant through which such Right is issued or such Common Share is purchased in accordance with the practices and policies of such Participant.

How to Complete the Rights Certificate

1. **Form 1 – Basic Subscription Privilege.** The maximum number of Rights that may be exercised pursuant to the Basic Subscription Privilege is shown in the box on the upper right-hand corner of the cover page of the Rights Certificate. Form 1 must be completed and signed to exercise all or some of the Rights represented by the Rights Certificate pursuant to the Basic Subscription Privilege. If Form 1 is completed so as to exercise some but not all of the Rights represented by the Rights Certificate, the holder of the Rights Certificate will be deemed to have waived the unexercised balance of such Rights, unless the Subscription Agent is otherwise specifically advised by such holder at the time the Rights Certificate is surrendered that the Rights are to be transferred to a third party or are to be retained by the holder.

2. **Form 2 – Additional Subscription Privilege.** Complete and sign Form 2 on the Rights Certificate only if you also wish to participate in the Additional Subscription Privilege. See "*Description of Offered Securities – Additional Subscription Privilege*".

3. **Form 3 – Transfer of Rights.** Complete and sign Form 3 on the Rights Certificate only if you wish to transfer the Rights. Your signature must be guaranteed by a Schedule I bank, a major trust company in Canada, or a member of an acceptable Medallion Signature Guarantee Program, including STAMP, SEMP, and MSP (for Canadian Shareholders). Members of STAMP are usually members of a recognized stock exchange in Canada or members of the Investment Industry Regulatory Organization of Canada. The guarantor must affix a stamp bearing the actual words "Signature Guaranteed". It is not necessary for a transferee to obtain a new Rights Certificate to exercise the Rights, but the signatures of the transferee on Forms 1 and 2 must correspond in every particular with the name of the transferee (or the bearer if no transferee is specified) as the absolute owner of the Rights Certificate for all purposes. If Form 3 is completed, the Subscription Agent will treat the transferee as the absolute owner of the Rights Certificate for all purposes and will not be affected by notice to the contrary.

The Rights may be transferred only in transactions outside of the United States in accordance with Regulation S under the U.S. Securities Act, which will permit the resale of the Rights by a Rightsholder through the facilities of the TSX, provided that the offer is not made to a person in the United States, neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States, and no "directed selling efforts", as that term is defined in Regulation S under the U.S. Securities Act, are conducted in the United States in connection with the resale. Certain additional conditions are applicable to the Company's "affiliates", as that term is defined under the U.S. Securities Act. In order to enforce this resale restriction, a Rights holder thereof will be required to execute a declaration certifying that such sale is being made through the facilities of the TSX in accordance with Regulation S.

The foregoing is a summary only and is not intended to be exhaustive. Holders of Rights or the underlying Common Shares should consult with their advisors concerning restrictions on resale, and should not resell their Rights or the underlying Common Shares until they have determined that any such resale is in compliance with the requirements of applicable legislation.

4. **Form 4 – Dividing or Combining.** Complete and sign Form 4 on the Rights Certificate only if you wish to divide or combine the Rights Certificate, and surrender it to the Subscription Agent at the Subscription Office. Rights Certificates need not be endorsed if the new Rights Certificate(s) are issued in the same name. The Subscription Agent will then issue a new Rights Certificate in such denominations (totaling the same number of Rights as represented by the Right(s) Certificates being divided or combined) as are required by the Rights Certificate holder. Rights Certificates must be surrendered for division or combination in sufficient time prior to the Expiry Time to permit the new Rights Certificates to be issued to and used by the Rights Certificate holder.

5. **Payment.** Enclose payment in C$ funds by certified cheque, bank draft, bank transfer or money order payable to the order of "Computershare Investor Services Inc.". The amount of payment will be C$**[●]** per Common Share acquired. Payment must also be included for any Additional Common Shares subscribed for under the Additional Subscription Privilege.

6. **Deposit.** Deliver the completed Rights Certificate by sending payment and the original completed Rights Certificate in the enclosed return envelope addressed to the Subscription Agent to be received by the Subscription Office listed above before the Expiry Time on the Expiry Date. If mailing, registered mail is recommended. Please allow sufficient time to avoid late delivery. The signature of the Rights Certificate holder must correspond precisely with the name that appears on the face of the Rights Certificate.

Signatures by a trustee, executor, administrator, guardian, attorney, officer of a corporation or any person acting in a fiduciary or representative capacity should be accompanied by evidence of authority satisfactory to the Subscription Agent. All questions as to the validity, form, eligibility (including time of receipt) and acceptance of any subscription will be determined by the Company in its sole discretion, and any determination by the Company will be final and binding on the Company and its security holders. Upon delivery to the Subscription Agent of the completed Rights Certificate and payment thereunder, the exercise of the Rights and the subscription for Common Shares is irrevocable. However, in the event the Rights Offering is terminated prior to the Closing Date, including in the event the Company does not receive funds from the Standby Purchasers or the Standby Purchase Agreement is otherwise terminated, the Subscription Agent will return all subscription funds delivered by Subscribers without interest or deduction, whether under the Basic Subscription Privilege or Additional Subscription Privilege. The Company reserves the right to reject any subscription if it is not in proper form or if the acceptance thereof or the issuance of Common Shares pursuant thereto could be unlawful. The Company also reserves the right to waive any defect in respect of any particular subscription. Neither the Company nor the Subscription Agent is under any duty to give any notice of any defect or irregularity in any subscription, nor will they be liable for the failure to give any such notice. **Any holder of Rights that fails to complete their subscription in accordance with the foregoing instructions prior to the Expiry Time on the Expiry Date will forfeit their Rights under the Basic Subscription Privilege and Additional Subscription Privilege attaching to those Rights.**

The Rights and the Common Shares issuable on the exercise of the Rights have not been qualified for distribution in any Ineligible Jurisdiction and, accordingly, may only be offered, sold, acquired, exercised or transferred in transactions not prohibited by applicable laws in Ineligible Jurisdictions.

Undeliverable Rights

Rights Certificates returned to the Subscription Agent as undeliverable will not be sold by the Subscription Agent and no proceeds of sale will be credited to such holders.

Sale or Transfer of Rights

Holders of Rights in registered form in Canada may, instead of exercising their Rights to subscribe for Common Shares, sell or transfer their Rights to any person that is not an Ineligible Holder by completing Form 3 on the Rights Certificate and delivering the Rights Certificate to the transferee. See "*Description of Offered Securities – How to Complete the Rights Certificate – 3. Form 3 – Transfer of Rights*". A permitted transferee of the Rights of a registered holder of a Rights Certificate may exercise the Rights transferred to such permitted transferee without obtaining a new Rights Certificate. If a Rights Certificate is transferred in blank, the Company and the Subscription Agent may thereafter treat the bearer as the absolute owner of the Rights Certificate for all purposes and neither the Company nor the Subscription Agent will be affected by any notice to the contrary.

The Common Shares are listed on the TSX under the symbol "WRG". It is expected that the Rights will be listed for trading on the TSX on **[●]**, 2022, under the symbol "WRG.RT" and will cease trading at 12:00 p.m. (Toronto time) on the Expiry Date. During the Rights Offering, the Common Shares will continue to trade on the TSX under the symbol "WRG". See "*Plan of Distribution*".

Holders that do not wish to exercise their Rights may sell or transfer their Rights through usual investment channels, such as investment dealers and brokers, at the holder's own expense. It is expected that the Rights will cease trading on the TSX at noon (Toronto time) on the Expiry Date.

Holders of Rights through CDS in Canada who wish to sell or transfer their Rights must do so in the same manner in which they sell or transfer Common Shares. See "*Rights Certificate – Common Shares Held Through CDS*".

Persons interested in selling or purchasing Rights should be aware that the exercise of Rights by holders that are located in Ineligible Jurisdictions will not be permitted unless the person exercising the Rights satisfies the conditions and completes the procedures to become an Approved Eligible Holder described under the heading "*Description of Offered Securities – Ineligible Holders*" above.

The Rights may be transferred only in transactions outside of the United States in accordance with Regulation S under the U.S. Securities Act. See "*Description of Offered Securities – U.S. Registration and Transfer*".

Dividing or Combining Rights Certificates

A Rights Certificate may be divided, exchanged or combined. See "*– How to Complete the Rights Certificate – 4. Form 4 – Dividing or Combining*" above.

Reservation of Common Shares

The Company will, at all times, reserve sufficient unissued Common Shares as will permit the exchange of all the outstanding Rights for Common Shares during the period beginning on the Commencement Date and ending on the Expiry Date at the Expiry Time.

Dilution to Existing Shareholders

If a Shareholder does not exercise all of its Rights pursuant to the Basic Subscription Privilege, the Shareholder's current percentage ownership in the Company will be diluted by the issuance of Common Shares upon the exercise of Rights by other Shareholders, and, if applicable, the purchase of Standby Shares by the Standby Purchasers, which dilution may be significant. Even if they exercise their Basic Subscription Privilege in full, the shareholding percentage of the Company's Shareholders (other than AIMCo) will be significantly reduced upon the completion of the issuance of an additional **[●]** Common Shares to AIMCo pursuant to the Debt Conversion. The issuance of these additional Common Shares will result in AIMCo holding approximately **[●]**% of the Common Shares and will cause significant dilution to the Company's Shareholders on its own.

Shareholders should be aware that under the Standby Purchase Agreement, G2S2, Matco and Mr. Mathison, subject to certain terms and conditions and limitations, have agreed to exercise their Basic Subscription Privilege in full and the Standby Purchasers have agreed to purchase, at the Subscription Price, the Standby Shares. In the event that none of the holders of Rights (other than Mr. Mathison and the Standby Purchasers) exercises their Rights and all of the Common Shares issuable upon the exercise of Rights held by such holders are purchased by the Standby Purchasers as Standby Shares, holdings by public Shareholders (which excludes insiders) will be reduced to less than **[●]**% of the Company's issued and outstanding Common Shares upon completion of the Rights Offering and the Debt Conversion. The significant reduction in public shareholders' position in the Company may have a significant adverse effect on the liquidity of, and market for, the Common Shares. See "*Standby Commitment*", "*Debt Restructuring*" and "*Risk Factors*".

Ineligible Holders

The Rights and Common Shares issuable under this Rights Offering are only qualified for distribution in the Eligible Jurisdictions. Accordingly, no subscription under the Basic Subscription Privilege or Additional Subscription Privilege will be accepted from any person, or such person's agent, who appears to be, or who the Company has reason to believe is, resident in an Ineligible Jurisdiction, except that the Company may accept subscriptions in certain circumstances from an Approved Eligible Holder.

Rights Certificates will not be issued and forwarded by the Company to Ineligible Holders. Holders will be presumed to be resident in the place of their registered address unless the contrary is shown to the satisfaction of the Company. Ineligible Holders will be sent a letter advising them that their Rights Certificates will be issued to and held on their behalf by the Subscription Agent. The letter will also set out the conditions required to be met, and procedures that must be followed, by Ineligible Holders wishing to participate in the Rights Offering that they are an Approved Eligible Holder. Rights Certificates in respect of Rights issued to Ineligible Holders will be issued to and held by the Subscription Agent as agent for the benefit of Ineligible Holders. The Subscription Agent will hold the Rights until 5:00 p.m. (Toronto time) on **[●]**, 2022 in order to provide Ineligible Holders an opportunity to claim a Rights Certificate by satisfying the Company that the issue of Common Shares pursuant to the exercise of Rights will not be in violation of the laws of the applicable jurisdiction. Following such date, the Subscription Agent, for the account of registered Ineligible Holders will, prior to the Expiry Time on the Expiry Date, attempt to sell the Rights of such registered Ineligible Holders represented by Rights Certificates in the possession of the Subscription Agent on such date or dates and at such price or prices as the Subscription Agent determines in its sole discretion.

Beneficial owners of Common Shares registered in the name of a resident of an Ineligible Jurisdiction, who are not themselves resident in an Ineligible Jurisdiction, who wish to be recognized as an Approved Eligible Holder and who believe that their Rights Certificates may have been delivered to the Subscription Agent, should advise their broker if they wish to subscribe and the broker should contact the Subscription Agent at the earliest opportunity, and in any case in advance of 5:00 p.m. (Toronto time) on **[●]**, 2022, to request to have their Rights Certificates mailed to them.

The Rights, the Common Shares issuable on the exercise of the Rights, and the Standby Shares have not been qualified for distribution in any Ineligible Jurisdiction and, accordingly, may only be offered, sold, acquired, exercised or transferred in transactions not prohibited by applicable laws in the applicable Ineligible Jurisdictions. Notwithstanding the foregoing, persons located in such Ineligible Jurisdictions may be able to exercise the Rights and purchase Common Shares provided that they furnish an investor letter satisfactory to the Company on or before **[●]**, 2022. The form of investor letter will be available from the Company or the Subscription Agent upon request. A holder of Rights in an Ineligible Jurisdiction holding such Rights on behalf of a person resident in an Eligible Jurisdiction may be able to exercise the Rights provided the holder certifies in the investor letter that the beneficial purchaser is resident in an Eligible Jurisdiction and satisfies the Company that such subscription is lawful and in compliance with all securities and other applicable laws.

No charge will be made for the sale of Rights by the Subscription Agent except for a proportionate share of any brokerage commissions incurred by the Subscription Agent and the costs of or incurred by the Subscription Agent in connection with the sale of the Rights. Ineligible Holders will not be entitled to instruct the Subscription Agent in respect of the price or the time at which the Rights are to be sold. The Subscription Agent will endeavour to effect sales of Rights on the open market and any proceeds received by the Subscription Agent with respect to the sale of Rights net of brokerage fees and costs incurred and, if applicable, the Canadian tax required to be withheld, will be divided on a *pro rata* basis among such registered Ineligible Holders and delivered by mailing cheques (in Canadian funds) of the Subscription Agent therefor as soon as practicable to such registered Ineligible Holders at their addresses recorded on the books of the Company. Amounts of less than C$10.00 will not be remitted. The Subscription Agent will act in its capacity as agent of the registered Ineligible Holders on a best efforts basis only and the Company and the Subscription Agent do not accept responsibility for the price obtained on the sale of, or the inability to sell, the Rights on behalf of any registered Ineligible Holder. Neither the Company nor the Subscription Agent will be subject to any liability for the failure to sell any Rights of registered Ineligible Holders or as a result of the sale of any Rights at a particular price or on a particular day. **There is a risk that the proceeds received from the sale of Rights will not exceed the costs of or incurred by the Subscription Agent in connection with the sale of such Rights and, if applicable, the Canadian tax required to be withheld. In such event, no proceeds will be remitted.**

Holders of Rights that are not resident in Canada should be aware that the acquisition and disposition of any of the Offered Securities may have tax consequences in the jurisdiction in which they reside, which are not described in this Prospectus. Such holders should consult their own tax advisors about the specific tax consequences of acquiring, holding and disposing of the Offered Securities.

Common Share Certificates

Any Common Shares issued in connection with the exercise of Rights pursuant to the Rights Offering will be registered in the name of the person to whom the Rights Certificate was issued or to whom the Rights have been properly and duly transferred. Such Common Shares will be registered in book-entry system unless a certificate is specifically requested on the appropriate form on the Rights Certificate as soon as practicable after the Closing Date. It is expected that such certificates will generally be delivered within three business days following the Closing Date. Except as otherwise described above under "*Description of Offered Securities – Ineligible Holders*", Common Shares will not be issued to or on behalf of any holder of Rights with addresses of record in an Ineligible Jurisdiction.

Holders of Rights that hold their Rights through a CDS Participant will not receive physical certificates evidencing their ownership of Common Shares issued upon the exercise of the Basic Subscription Privilege or Additional Subscription Privilege. At the Closing Date, such Common Shares will be issued in registered form to, and in the name of, CDS or their respective nominees as applicable.

Validity and Rejection of Subscriptions

Any Eligible Holders that fail to complete their subscription in accordance with the instructions herein and the Rights Certificate prior to the Expiry Time will forfeit their Rights under the Basic Subscription Privilege and Additional Subscription Privilege.

All questions as to the validity, form, eligibility (including time of receipt) and acceptance of any subscription will be determined by us in our sole discretion, which determination will be final and binding. All subscriptions are irrevocable, subject to Canadian statutory withdrawal rights arising in certain limited circumstances, such as the filing of an amendment to this Prospectus. See "*Statutory and Contractual Rights*". Subject to applicable laws and the rules of the TSX, we reserve the absolute right to reject any subscription if such subscription is not in proper form or if the acceptance thereof or the issuance of Common Shares upon the exercise of the Rights could be deemed unlawful. We also reserve the right to waive any defect with regard to any particular subscription. Neither we nor the Subscription Agent will be under any duty to give any notification of any defect or irregularity in such subscriptions, nor will either of us incur any liability for failure to give such notification.

We reserve the right to treat as invalid any exercise or purported exercise of any Rights that appears to us to have been exercised, effected or dispatched in a manner which may involve a breach of the laws or regulations of any jurisdiction or if we believe, or if our agents believe, that the same may violate or be inconsistent with the procedures and terms set out in this Prospectus, the Rights Certificate or in breach of the representation and warranty that a holder exercising its Rights is resident in an Eligible Jurisdiction.

U.S. Registration and Transfer

The Company has filed with the SEC in the United States a Registration Statement on Form F-7 under the U.S. Securities Act so that the Common Shares issuable upon the exercise of the Rights will not be subject to transfer restrictions. However, the Rights may be transferred only in transactions outside of the United States in accordance with Regulation S under the U.S. Securities Act, which will permit the resale of the Rights by persons through the facilities of the TSX, provided that the offer is not made to a person in the United States, neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States, and no "directed selling efforts", as that term is defined in Regulation S under the U.S. Securities Act, are conducted in the United States in connection with the resale. Certain additional conditions are applicable to the Company's "affiliates", as that term is defined under the U.S. Securities Act. In order to enforce this resale restriction, holders thereof will be required to execute a declaration certifying that such sale is being made outside the United States in accordance with Regulation S, which is included as part of Form 3. See "*How to Complete the Rights Certificate – Form 3 – Transfer of Rights*".

PLAN OF DISTRIBUTION

Each Shareholder on the Record Date will receive one Right for every Common Share held, subject to the restrictions described under the heading "*General Offering Restrictions*" below. Pursuant to the Basic Subscription Privilege, each Right entitles an Eligible Holder, subject to the limitations set out below, to subscribe for **[●]** Common Shares upon payment of the Subscription Price for each Common Share for which the Shareholder is subscribing.

The Subscription Price does not necessarily bear any relationship to the book value of the Company's assets, past operations, cash flows, losses, financial condition, net worth or any other established criteria for value. Holders of Rights should not consider the Subscription Price to be an indication of the Company's value or of the Common Shares to be offered in the Rights Offering. See "*Risk Factors – The Subscription Price is not necessarily an indication of value*".

The Company has not employed any brokers, dealers, dealer managers or underwriters in connection with the solicitation of exercise of Rights and, except as described in this Prospectus, no fee or sales commissions, fees or discounts will be paid in connection with the Rights Offering. Certain of our employees may solicit responses from the holders of the Rights in connection with the Rights Offering, but such employees will not receive any commissions or compensation for such services other than their normal employment compensation.

General Offering Restrictions

This Prospectus qualifies for distribution under applicable Canadian securities laws the Offered Securities in each of the Eligible Jurisdictions in Canada. This Prospectus also covers the offer and sale of the Common Shares issuable upon exercise of the Rights within the United States under the U.S. Securities Act. Notwithstanding registration under the U.S. Securities Act, the securities or blue sky laws of certain states may not permit the Company to offer Rights and/or Common Shares in such states, or to certain persons in those states, or may otherwise limit the Company's ability to do so, and as a result the Company will treat those states as Ineligible Jurisdictions under the Offering.

The Offered Securities have not been qualified under the securities laws of any jurisdiction other than the Eligible Jurisdictions. Except as described herein, Rights may not be exercised by or on behalf of an Ineligible Holder. This Prospectus is not, and under no circumstances is to be construed as, an offering of any of the Offered Securities for sale in any Ineligible Jurisdiction or a solicitation therein of an offer to buy any securities. Rights Certificates will not be sent to any Shareholder with an address of record in an Ineligible Jurisdiction and, except as described herein, Rights may not be exercised by or on behalf of any holder of Rights with an address of record in an Ineligible Jurisdiction. Instead, such Ineligible Holders will be sent a letter advising them that their Rights Certificates will be held by the Subscription Agent, which will hold such Rights as agent for the benefit of all such Ineligible Holders until and unless such Ineligible Holder becomes an Approved Eligible Holder. In the event such Ineligible Holders do not become Approved Eligible Holders, the Subscription Agent, for the account of such Ineligible Holder, will, prior to the Expiry Date, attempt to sell the Rights allocable to such Ineligible Holder and evidenced by Rights Certificates in the possession of the Subscription Agent, at such prices and otherwise in such manner as the Subscription Agent may determine in its sole discretion. The Subscription Agent's ability to sell such Rights and the price obtained therefore are dependent on market conditions. Neither the Company nor the Subscription Agent will be subject to any liability for the failure to sell any such Rights or to sell such Rights at a particular price. Any proceeds received by the Subscription Agent with respect to the sale of Rights net of brokerage fees and costs incurred and, if applicable, the Canadian tax required to be withheld, will be divided on a *pro rata* basis among such registered Ineligible Holders and delivered by mailing cheques (in Canadian funds) of the

Subscription Agent therefor as soon as practicable to such registered Ineligible Holders at their addresses recorded on the books of the Company. The Subscription Agent will mail cheques therefore at the addresses of the Ineligible Holders appearing in the records of the Company. Amounts of less than C$10.00 will not be remitted.

No action has been or will be taken in any jurisdiction other than in the Eligible Jurisdictions, where action for that purpose is required, which would permit a public offering of the Offered Securities or the possession, circulation or distribution of this Prospectus or any material relating to the Rights Offering except as set forth herein. Accordingly, the Offered Securities may not be offered, sold or delivered, directly or indirectly, and neither this Prospectus nor any other offering material or advertisements in connection with the Rights Offering may be distributed or published, in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Stock Exchange Approvals

It is expected that the Rights will be listed for trading on the TSX on **[●]**, 2022, being the trading day immediately preceding the Record Date. The application further contemplates the Rights being listed on the TSX under the symbol "WRG.RT". If approved for listing, it is expected that the Rights will cease trading on the TSX at noon (Toronto time) on the Expiry Date.

RISK FACTORS

An investment in the Offered Securities is subject to a number of risks. In addition, the Company is subject to a number of risks due to the nature of the industry in which it operates, the present state of development of its business and the foreign jurisdictions in which it carries on business. A prospective purchaser of Offered Securities should carefully consider the summarized risk factors set forth below as well as the other information contained in and incorporated by reference in this Prospectus, specifically under the heading "*Risk Factors*" in the AIF and the MD&A, before investing in any of the Offered Securities, including by exercising Rights. Some of the following statements are forward-looking and actual results may differ materially from the results anticipated in these forward-looking statements. Please refer to the section titled "*Cautionary Statement With Regard To Forward- Looking Statements*" in this Prospectus. If any of such risks or risks not currently known to the Company actually occurs or materializes, our business, financial condition or results of operations could be adversely affected, even materially adversely affected.

Shareholders may suffer significant dilution in connection with the Rights Offering and Debt Restructuring.

The Company has **91,788,008** Common Shares outstanding as of the date of this Prospectus. Assuming the Rights Offering is fully subscribed for, the Company expects to issue **[●]** Common Shares thereunder.

If a Shareholder does not exercise all of its Rights pursuant to the Basic Subscription Privilege, the Shareholder's equity ownership in the Company will be diluted by the issuance of Common Shares upon the exercise of Rights by other Shareholders and, if applicable, the purchase of Standby Shares by the Standby Purchasers, which dilution may be significant.

Even if they exercise their Basic Subscription Privilege in full, the shareholding percentage of the Company's Shareholders (other than AIMCo) will be significantly reduced upon the completion of the issuance of an additional **[●]** Common Shares to AIMCo pursuant to the Debt Conversion. The issuance of these additional Common Shares will result in AIMCo holding approximately **[●]**% of the Common Shares and will cause significant dilution to the Company's Shareholders on its own.

In the event that none of the holders of Rights (other than Mr. Mathison and the Standby Purchasers) exercises their Rights and all of the Common Shares issuable upon the exercise of Rights held by such holders are purchased by the Standby Purchasers as Standby Shares, an aggregate of **[●]** Common Shares will be acquired by the Standby Purchasers and Mr. Mathison and, following the completion of the Rights Offering, G2S2 (together with Armco) will beneficially own **[●]** Common Shares and Matco (together with Mr. Mathison personally) will beneficially own **[●]** Common Shares, representing approximately **[●]**% and **[●]**%, respectively, of the Common Shares estimated to be outstanding upon completion of the Rights Offering. If this occurs, holdings by public Shareholders (which excludes insiders) will be reduced to less than **[●]**% of the Company's issued and outstanding Common Shares upon completion of the Rights Offering and the Debt Conversion. See "*Standby Commitment*", "*Debt Restructuring*" and "*Risk Factors*".

The significantly reduced public float for the Common Shares may make the Common Shares less attractive to potential purchasers or new investors, and could otherwise adversely affect the market for Common Shares. It may be more difficult for public shareholders to sell their shares at a desired price or at all.

The Debt Restructuring Agreement and the Standby Purchase Agreement may be terminated and the Rights Offering, the Debt Conversion and Standby Commitment may not be completed.

The obligation of AIMCo to complete the Debt Conversion is subject to certain conditions in the Debt Restructuring Agreement, including that there is no material adverse change or new material adverse effect on Western, compliance by Western with the terms of the Debt Restructuring Agreement and there being no legal impediment to completion of the Debt Restructuring, as well as the successful completion of the Rights Offering and the Standby Commitment. If the Debt Restructuring Agreement is terminated or if the Debt Conversion otherwise does not occur, then holders of Rights that have exercised their Rights will have acquired Common Shares without certainty as to the capital structure of the Company, as AIMCo will continue to hold the full principal amount of the debt under the Second Lien Facility, and the maturity dates of the Second Lien Facility and the Senior Credit Facilities will not be extended. The failure of the Company to complete the Debt Restructuring could have a material adverse effect on the Company and its shareholders, and could result in the Company not being able to exist as a going concern.

The Standby Purchase Agreement may be terminated by the Company or the Standby Purchasers in certain circumstances, including termination of the Debt Restructuring Agreement. Accordingly, there is no certainty, nor can the Company provide any assurance, that the Standby Purchase Agreement will not be terminated by either the Company or the Standby Purchasers before completion of the Rights Offering. Completion of the Rights Offering and satisfaction of the Standby Commitment is a condition to closing of the Debt Restructuring, therefore a failure to complete the sale of the Standby Shares may have a material adverse effect upon the business, financial condition and operations of the Company. Certain costs relating to the Rights Offering, including legal and accounting fees, must be paid by the Company even if the Rights Offering is not completed.

If the Rights Offering does not proceed for any reason, all outstanding rights would cease to be exercisable for Common Shares and would lose all of their value and we will not have any obligation with respect to the Rights except to return any Subscription Payments, without interest or deduction. In such circumstances, any person who had purchased Rights in the market would lose the entire purchase price paid to acquire such Rights.

No prior trading market exists for the Rights.

Even upon the listing of the Rights on the TSX, holders may not be able to resell Rights acquired. There can be no assurance that an active trading market will develop in the Rights on the TSX or, if developed, that such market will be sustained. To the extent an active trading market for the Rights does not develop, the pricing of the Rights in the secondary market, the transparency and availability of trading prices and liquidity of the Rights would be adversely affected, which may have a material adverse impact on the Company and its share price.

Market price of securities of the Company may be subject to significant fluctuations which may be based on factors unrelated to its financial performance or prospects.

The trading price of the securities of the Company have been and may continue to be subject to significant fluctuations which may be based on factors unrelated to its financial performance or prospects. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries.

Entitlements of a holder of Rights.

A Right does not entitle the holder thereof to any rights whatsoever as a security holder of the Company other than to subscribe for and purchase Common Shares as described herein.

Liquidity of the Common Shares may be negatively impacted by the Rights Offering.

The Rights Offering may negatively influence the liquidity of the Common Shares in the event that the Standby Purchasers are required to take up and pay for a large number of Standby Shares, which would result in potential increased percentage ownership by the Standby Purchasers of the Common Shares of the Company.

Exercises of Rights may not be revoked.

Subject to certain statutory withdrawal rights available to Eligible Holders, if the Common Share trading price declines below the Subscription Price for the Common Shares, effectively resulting in a loss of some or all of the Subscribers' subscription funds, Subscribers may not revoke or change the exercise of Rights after they send in their subscription forms and payment.

Holders of Rights are responsible for accuracy and completeness of subscription within applicable time limits.

Holders of Rights that elect to purchase Common Shares in the Rights Offering must act promptly to ensure that the entire payment for any Rights exercised is paid at the time of subscription and received by the Subscription Agent at the Subscription Office prior to the Expiry Time. Accordingly, a Subscriber that holds Rights through a Participant must provide the Participant holding its Rights with instructions and the required payment sufficiently in advance of the Expiry Time to permit proper exercise of its Rights. If an Eligible Holder fails to complete and sign the required subscription forms, sends an incorrect payment, or otherwise fails to follow the subscription procedures that apply to the exercise of Rights by the holder, the Subscription Agent may, depending on the circumstances, reject the subscription or accept it only to the extent of the payment received. Neither the Company nor the Subscription Agent undertakes to Subscribers that it will, or will attempt to, correct an incomplete or incorrect subscription form or payment. The Company has the sole discretion to determine whether an exercise of Rights properly follows the subscription procedures, provided that Rights not exercised by the Expiry Time will be void and of no value and no longer exercisable.

There is no underwriter in respect of the Rights Offering.

There is no underwriter for the Rights Offering. Accordingly, there has not been an independent "due diligence" review of matters covered by this Prospectus, such as would customarily be conducted by an underwriter if one had been involved with this Rights Offering.

A large number of Common Shares may be issued and subsequently sold upon the exercise of the Rights.

To the extent that Subscribers that exercise Rights sell the Common Shares underlying such Rights, the market price of our Common Shares may decrease due to the additional selling pressure in the market. The risk of dilution from issuances of Common Shares underlying the Rights or from the issuance of a large number of Common Shares upon completion of the Debt Conversion may cause Shareholders to sell their Common Shares, which may have a material adverse impact on the Company and its share price. The sale of Common Shares issued upon exercise of the Rights could encourage short sales by third parties, which could depress the price of the Common Shares.

Any downward pressure on the price of Common Shares caused by the sale of Common Shares underlying the Rights could encourage short sales by third parties. In a short sale, a prospective seller borrows Common Shares from a Shareholder or broker and sells the borrowed Common Shares. The prospective seller hopes that the Common Share price will decline, at which time the seller can purchase Common Shares at a lower price for delivery back to the lender. The seller profits when the Common Share price declines because it is purchasing Common Shares at a price lower than the sale price of the borrowed Common Shares. Such sales could place downward pressure on the price of our Common Shares by increasing the number of Common Shares being sold, which may have a material adverse impact on the Company and its share price.

The Subscription Price is not necessarily an indication of value.

The Subscription Price does not necessarily bear any relationship to the book value of the Company's assets, past operations, cash flows, losses, financial condition, net worth or any other established criteria for value. Holders of Rights should not consider the Subscription Price to be an indication of the Company's value or of the Common Shares to be offered in the Rights Offering, and the Common Shares may trade at prices above or below the Subscription Price.

A decline in the market price of the Common Shares may occur.

The trading price of the Common Shares in the future may decline below the Subscription Price. The Company can give no assurance that the Subscription Price will remain below any future trading price for the Common Shares. Future prices of the Common Shares may adjust positively or negatively depending on various factors, including the Company's future revenues, cash flows and operations and overall conditions affecting the Company's business, economic trends and the securities markets and changes in the estimated value and prospects for the Company's projects.

Subscribers outside of Canada are subject to exchange rate risk.

The Subscription Price will be paid in Canadian dollars. Accordingly, any Subscriber outside of Canada is subject to adverse movements in their local currency against the Canadian dollar.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the "**Tax Act**") and the regulations thereunder generally applicable to a holder, as beneficial owner, of Rights acquired pursuant to the Rights Offering and of Common Shares acquired on the exercise of such Rights that, for the purposes of the Tax Act and at all relevant times, holds such Rights and Common Shares as capital property, is not affiliated with the Company, and deals with the Company at arm's length (a "**Holder**"). A Right or Common Share generally will be capital property to a Holder unless it is used or held in the course of carrying on a business of trading in or dealing in securities, or it has been acquired in a transaction or transactions considered to be an adventure or concern in the nature of trade.

This summary is based on the current provisions of the Tax Act and the regulations thereunder, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) (the "**Tax Proposals**") before the date of this Prospectus, and the understanding of Blakes, our Canadian counsel, of the current published in writing administrative policies and assessing practices of the Canada Revenue Agency. No assurance can be given that the Tax Proposals will be enacted in the form proposed or at all. Except as mentioned above, this summary does not take into account or anticipate any changes in law, whether by legislative, administrative or judicial decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ significantly from the Canadian federal income tax considerations discussed herein.

This summary is not exhaustive of all possible Canadian federal income tax considerations, is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. The tax consequences of acquiring, holding and disposing of the Rights and the Common Shares issuable thereunder will vary according to the Holder's particular circumstances. **Accordingly, Holders should consult their own tax advisors about the specific tax consequences to them of acquiring, holding and disposing of Rights or Common Shares.**

Residents of Canada

The following portion of this summary is generally applicable to a Holder that, at all relevant times for purposes of the Tax Act and any applicable income tax treaty or convention, is or is deemed to be a resident of Canada (a "**Resident Holder**").

Resident Holders that might not otherwise be considered to hold their Common Shares as capital property may, in certain circumstances, be entitled to have their Common Shares and all other "Canadian securities" (as defined in subsection 39(6) of the Tax Act) owned in the taxation year of the election, and all subsequent taxation years, deemed to be capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such Resident Holders should consult their own tax advisors as to whether an election under subsection 39(4) of the Tax Act is available and advisable in their particular circumstances. The Rights are not "Canadian securities" as defined in subsection 39(6) of the Tax Act, and accordingly such election is not available in respect of the Rights.

This summary does not apply to a Resident Holder: (i) that is a "financial institution" for purposes of the "mark-to-market" rules in the Tax Act, (ii) that is a "specified financial institution" or "restricted financial institution" (each as defined in the Tax Act), (iii) to which the "functional currency" reporting rules in section 261 of the Tax Act apply, (iv) that enters into or has entered into, with respect to the Rights or Common Shares, a "synthetic disposition arrangement" or "derivative forward arrangement" (each as defined in the Tax Act), or (v) an interest in which is a "tax shelter investment" (as defined in the Tax Act). Such Resident Holders should consult their own tax advisors.

This summary does not address the possible application of the "foreign affiliate dumping" rules to a Resident Holder (i) that is a corporation that is (or that becomes, as part of a transaction or event or series of transactions or events that includes the acquisition of the Rights and Common Shares) controlled by a non-resident person or by a group of non-resident persons that do not deal with each other at arm's length for purposes of the rules in section 212.3 of the Tax Act, or (ii) that does not deal at arm's length for purposes of the Tax Act with any such corporation. Such Resident Holders should consult their own tax advisors.

Acquisition of Rights

A Resident Holder that receives a Right pursuant to the Rights Offering will not be required to include the value of such Right in computing the Resident Holder's income for purposes of the Tax Act.

Rights received by a Resident Holder pursuant to the Rights Offering will have an adjusted cost base of nil. The cost of Rights acquired by a Resident Holder otherwise than pursuant to the Rights Offering will be averaged with the adjusted cost base of all other Rights held by that Resident Holder as capital property immediately prior to such acquisition for the purposes of determining the adjusted cost base to that Resident Holder of each Right so held.

Residents of Canada - Exercise of Rights

The exercise of a Right will not constitute a disposition of that Right for purposes of the Tax Act and, accordingly, a Resident Holder will not realize a gain or loss on such exercise.

The aggregate cost to a Resident Holder of the Common Shares acquired on the exercise of a Right will be equal to the aggregate amount of the Subscription Price for the Common Shares so acquired and the Resident Holder's adjusted cost base of the Right, if any, immediately before the exercise. The adjusted cost base to a Resident Holder at any time of Common Shares received on the exercise of Rights will be determined by averaging the cost of such Common Shares with the adjusted cost base of any other Common Shares owned by the Resident Holder as capital property at that time.

Expiry of Rights

The expiry or termination of an unexercised Right held by a Resident Holder will result in a capital loss to the Resident Holder equal to the adjusted cost base, if any, of the Right immediately before its expiry or termination. Any such capital loss will be subject to the treatment described below under the heading "*Treatment of Capital Gains and Capital Losses*".

Other Dispositions of Rights

A Resident Holder that disposes of or is deemed to dispose of a Right (other than as a result of the exercise of the Right) generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Right exceed (or are exceeded by) the aggregate of the Resident Holder's adjusted cost base thereof and any reasonable costs of disposition. The tax treatment of any capital gain (or capital loss) realized on the disposition of a Right (otherwise than by the exercise of the Right) is described below under the heading "*Treatment of Capital Gains and Capital Losses*".

Treatment of Capital Gains and Capital Losses

Generally, one-half of the amount of any capital gain (a "**Taxable Capital Gain**") realized by a Resident Holder in a taxation year must be included in computing the Resident Holder's income in that year, and one-half of the amount of any capital loss (an "**Allowable Capital Loss**") realized by a Resident Holder in a taxation year generally must be deducted from Taxable Capital Gains realized by the Resident Holder in that year. Allowable Capital Losses in excess of Taxable Capital Gains realized in a taxation year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any following taxation year against Taxable Capital Gains realized in such years to the extent and under the circumstances described in the Tax Act.

A Resident Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable for a refundable tax on its "aggregate investment income" (as defined in the Tax Act), which includes Taxable Capital Gains.

Capital gains realized by an individual (including certain trusts) may give rise to a liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act.

Receipt of Dividends on Common Shares

Dividends received or deemed to be received on Common Shares by a Resident Holder that is an individual (other than certain trusts) will be included in computing the individual's income and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received by an individual from a taxable Canadian corporation. Taxable dividends received or deemed to be received by such individual which are designated by the Company as "eligible dividends" in accordance with the Tax Act will be subject to enhanced gross-up and dividend tax credit rules under the Tax Act.

Taxable dividends received by an individual (including certain trusts) may give rise to a liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act.

Dividends received or deemed to be received on Common Shares by a Resident Holder that is a corporation will be included in computing the corporation's income and generally will be deductible in computing the taxable income of the corporation. A corporation that is a "private corporation" or a "subject corporation" for purposes of the Tax Act may be liable to pay a refundable tax on dividends received or deemed to be received by it, to the extent such dividends are deductible in computing the corporation's taxable income. In certain circumstances, subsection 55(2) of the Tax Act may treat a taxable dividend received (or deemed to be received) by a Resident Holder that is a corporation as a gain from the disposition of capital property or proceeds of disposition. A Resident Holder that is, throughout the relevant tax year, a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax on its "aggregate investment income" (as defined in the Tax Act), including any dividends or deemed dividends that are not deductible in computing the Resident Holder's taxable income. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

Disposition of Common Shares

On a disposition or a deemed disposition of a Common Share (other than in a disposition to the Company that is not a sale in the open market in the manner in which shares would normally be purchased by any member of the public in an open market), a Resident Holder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Common Share exceed (or are exceeded by) the Resident Holder's adjusted cost base thereof and any reasonable costs of disposition. The tax treatment of any such capital gain (or capital loss) is described above under the heading "*Treatment of Capital Gains and Capital Losses*".

The amount of any capital loss realized on the disposition or deemed disposition of a Common Share by a Resident Holder that is a corporation may be reduced by the amount of dividends received or deemed to have been received by it on the Common Share (or on a share for which such Common Share has been substituted), to the extent and in the circumstances prescribed by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares directly, or indirectly through a partnership or a trust. Resident Holders to which these rules may be relevant should consult their own tax advisors.

Non-Residents of Canada

The following portion of this summary is generally applicable to a Holder that, at all relevant times for purposes of the Tax Act and any applicable income tax treaty or convention, is (i) neither a resident nor deemed to be a resident of Canada, and (ii) does not use or hold, and is not deemed to use or hold, Rights or Common Shares in connection with carrying on a business in Canada (a "**Non-Resident Holder**"). Special rules, which are not discussed in this summary, may apply to a non-resident insurer carrying on business in Canada or elsewhere. Such holders should consult their own tax advisors.

Acquisition of Rights

The issuance of Rights to a Non-Resident Holder pursuant to the Rights Offering will not be subject to Canadian withholding tax, and no other tax will be payable under the Tax Act by a Non-Resident Holder in respect of the exercise of Rights pursuant to the Rights Offering.

Non-Resident Holders - Exercise of Rights

The exercise of a Right by a Non-Resident Holder will not constitute a disposition of that Right for purposes of the Tax Act and, consequently, a Non-Resident Holder will not realize a gain or loss on such exercise.

The adjusted cost base to a Non-Resident Holder of the Common Shares acquired on the exercise of a Right will be the same as described above with respect to a Resident Holder under the heading "*Residents of Canada – Exercise of Rights*".

Expiry of Rights

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of the expiry or termination of an unexercised Right.

Other Dispositions of Rights

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any gain realized on a disposition of Rights unless the Rights disposed of constitute "taxable Canadian property" (as defined in the Tax Act) of the Non-Resident Holder and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention.

The Rights will generally only be "taxable Canadian property" of a Non-Resident Holder if the Common Shares to be issued upon the exercise of the Rights would be "taxable Canadian property" of the Non-Resident Holder, as described below under the heading "*Certain Canadian Federal Income Tax Considerations – Disposition of Common Shares*".

Receipt of Dividends on Common Shares

Dividends on Common Shares paid or credited, or deemed to be paid or credited, to a Non-Resident Holder will generally be subject to non-resident withholding tax under the Tax Act at a rate of 25%, subject to potential reduction under the provisions of an applicable income tax treaty or convention between Canada and the country where the Non-Resident Holder is resident. For example, under the *Canada-United States Income Tax Convention (1980)* (the "**Treaty**"), the withholding tax rate in respect of a dividend paid to a person who is the beneficial owner of the dividend and is resident in the United States for purposes of, and entitled to the full benefits under, the Treaty, is generally reduced to 15%. Non-Resident Holders are urged to consult their own tax advisors to determine their entitlement to relief under an applicable income tax treaty or convention.

Disposition of Common Shares

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any gain realized on a disposition of Common Shares unless the Common Shares disposed of constitute "taxable Canadian property" (as defined in the Tax Act) of the Non-Resident Holder and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention.

Generally, a Common Share will not be "taxable Canadian property" of a Non-Resident Holder at a particular time provided the Common Share is listed on a "designated stock exchange" (as defined in the Tax Act), which currently includes the TSX, unless, at any time during the 60-month period preceding the particular time, (a) the Common Share derived more than 50% of its fair market value directly or indirectly from one or any combination of real or immovable properties situated in Canada, "Canadian resource properties" or "timber resource properties" (each as defined in the Tax Act), or options in respect of, interests in, or civil law rights in, any of the foregoing, and (b) at such time 25% or more of the issued shares of any class or series of the Company's shares were owned by one or any combination of (i) the Non-Resident Holder, (ii) persons with whom the Non-Resident Holder did not deal at "arm's length" (within the meaning of the Tax Act), and (iii) partnerships in which the Non-Resident Holder or a person described in (ii) held a membership interest directly or indirectly through one or more partnerships. A Non-Resident Holder's Common Shares can also be deemed to be taxable Canadian property in certain circumstances set out in the Tax Act.

Eligibility for Investment

In the opinion of Blakes, Canadian counsel to the Company, subject to the provisions of any particular plan and based on the provisions of the Tax Act and the regulations thereunder in force on the date hereof:

1. the Rights will be qualified investments under the Tax Act at a particular time for a trust governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), registered education savings plan ("**RESP**"), registered disability savings plan ("**RDSP**"), deferred profit sharing plan or a tax-free savings account (a "**TFSA**") (each of the foregoing, a "**Plan**"), provided that, at the particular time, either (A) the Rights are listed on a "designated stock exchange" (as defined in the Tax Act), which currently includes the TSX, or (B) the Common Shares are listed on a "designated stock exchange" (as defined in the Tax Act), which currently includes the TSX, and neither the Company, nor any person with whom the Company does not deal at arm’s length for purposes of the Tax Act, is an annuitant, a beneficiary, an employer or subscriber under, or a holder of, such Plan; and

2. the Common Shares issuable upon exercise of the Rights will be qualified investments under the Tax Act at a particular time for a trust governed by a Plan, provided that, at the particular time, the Common Shares are listed on a "designated stock exchange" (as defined in the Tax Act), which currently includes the TSX.

Notwithstanding the foregoing, if the Rights or Common Shares, as applicable, are a "prohibited investment" (as defined in the Tax Act) for a particular RRSP, RRIF, RESP, RDSP or TFSA (each a "**Registered Plan**"), the annuitant of an RRSP or RRIF, holder of a TFSA or RDSP or subscriber of a RESP (each such person referred to as a "**Plan Subscriber**"), as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Rights and Common Shares will not be a "prohibited investment" for a Registered Plan provided that the Plan Subscriber deals at arm's length with the Company for purposes of the Tax Act and does not have a "significant interest" (within the meaning of the Tax Act for purposes of the prohibited investment rules) in the Company. In addition, the Common Shares will generally not be a "prohibited investment" if the Common Shares are "excluded property" (as defined in the Tax Act for purposes of the prohibited investment rules). Plan Subscribers should consult with their own tax advisors as to whether the Rights or Common Shares will be a prohibited investment for such Registered Plans in their particular circumstances.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of certain United States federal income tax consequences to U.S. Holders, as defined herein, of the receipt, ownership, exercise, lapse and disposition of Rights issued pursuant to the Rights Offering and the ownership and disposition of Common Shares received upon the exercise of such Rights. This discussion is based on existing provisions of the United States Internal Revenue Code of 1986, as amended (the "**Code"**), final and temporary Treasury Regulations promulgated thereunder, administrative pronouncements or practice, judicial decisions, and interpretations of the foregoing, all as of the date hereof. Future legislative, judicial or administrative modifications, revocations or interpretations, which may or may not be retroactive, may result in United States federal income tax consequences significantly different from those discussed herein. This discussion is not binding on the United States Internal Revenue Service (the "**IRS"**). No opinion from legal counsel or ruling from the IRS has been or will be sought or obtained with respect to any of the United States federal income tax consequences discussed herein. There can be no assurance that the IRS will not challenge any of the conclusions described herein or that a United States court will not sustain such challenge.

As used herein, a "**U.S. Holder"** is any beneficial owner of a Common Share or Right that is (i) an individual citizen or resident alien of the United States as determined for United States federal income tax purposes; (ii) a corporation, or other entity taxable as a corporation for United States federal income tax purposes, created or organized in or under the laws of the United States or any of its political subdivisions; (iii) an estate the income of which is subject to United States federal income taxation regardless of its source; and (iv) a trust if (a) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or (b) the trust has a valid election in effect under applicable Treasury Regulations to be treated as a United States person. If a pass-through entity, including a partnership or other entity taxable as a partnership for United States federal income tax purposes, holds a Common Share or a Right, the United States federal income tax treatment of an owner or partner generally will depend upon the status of such owner or partner and upon the activities of the pass-through entity. A United States person that is an owner or partner of a pass-through entity holding a Common Share or a Right is urged to consult its own tax advisor.

This summary is for general information purposes only and does not purport to be a complete analysis or listing of all potential U.S. federal income tax considerations that may apply to a U.S. Holder arising from and relating to the receipt, exercise, lapse or disposition of Rights and the ownership and disposition of Common Shares received upon the exercise of such Rights. In addition, this summary does not take into account the individual facts and circumstances of any particular U.S. Holder that may affect the U.S. federal income tax consequences to such U.S. Holder, including specific tax consequences to a U.S. Holder under an applicable tax treaty. Accordingly, this summary is not intended to be, and should not be construed as, legal or U.S. federal income tax advice with respect to any U.S. Holder. This discussion does not address any United States federal alternative minimum tax, United States federal estate, gift, or other non-income tax; or state, local or non-United States tax consequences of the acquisition, ownership and disposition of a Common Share or a Right. In addition, except as specifically set forth below, this summary does not discuss applicable income tax reporting requirements. In addition, this discussion does not address the United States federal income tax consequences to certain categories of U.S. Holders subject to special rules, including U.S. Holders that are (i) insurance companies, banks, or other financial institutions; (ii) regulated investment companies or real estate investment trusts; (iii) brokers or dealers in securities or currencies or traders in securities that elect to use a mark-to-market method of accounting; (iv) tax-exempt organizations, qualified retirement plans, individual retirement accounts or other tax-deferred accounts; (v) holders that hold a Common Share or Right as part of a hedge, straddle, conversion transaction or a synthetic security or other integrated transaction; (vi) holders that have a "functional currency" other than the U.S. dollar; (vii) holders that own directly, indirectly or constructively, 10% or more of the total combined voting power of all classes of Company stock entitled to vote or 10% or more of the total value of shares of all classes of Company stock; (viii) United States expatriates; (ix) holders required to accelerate the recognition of any item of gross income for U.S. federal income tax purposes with respect to Common Shares as a result of such item being taken into account in an applicable financial statement; or (x) S corporations, partnerships or other pass-through entities (or investors in S corporations, partnerships or other pass-through entities). This summary also does not address the U.S. federal income tax considerations applicable to U.S. Holders who are: (a) persons that have been, are, or will be a resident or deemed to be a resident of Canada for purposes of the Tax Act; (b) persons that use or hold, will use or hold, or that are or will be deemed to use or hold Rights or Common Shares in connection with carrying on a business in Canada; (c) persons whose Rights or Common Shares constitute "taxable Canadian property" under the Tax Act; or (d) persons that have a permanent establishment in Canada for the purposes of the income tax convention between the United States and Canada (the "**Tax Convention**"). U.S. Holders that are subject to special provisions under the Code, including, but not limited to, U.S. Holders described immediately above, should consult their own tax advisors regarding the U.S. and non-U.S. tax consequences relating to the receipt, exercise, lapse or disposition of Rights and the ownership and disposition of Common Shares.

This discussion assumes that Common Shares are held as capital assets (generally, property held for investment), within the meaning of Section 1221 of the Code, in the hands of a U.S. Holder at all relevant times.

A U.S. HOLDER OF COMMON SHARES AND/OR RIGHTS IS URGED TO CONSULT ITS OWN TAX ADVISOR REGARDING THE APPLICATION OF UNITED STATES FEDERAL TAX LAWS TO ITS PARTICULAR SITUATION AND ANY TAX CONSEQUENCES ARISING UNDER THE LAWS OF ANY STATE, LOCAL, NON-UNITED STATES OR OTHER TAXING JURISDICTION.

Consequences of the Ownership, Disposition, and Lapse of Rights

Receipt of Rights

The federal income tax consequences of the Rights Offering will depend on whether the Rights Offering is considered part of a "disproportionate distribution" within the meaning of the Code. A "disproportionate distribution" is a distribution (or a series of distributions), including deemed distributions, from a corporation that has the effect of the receipt of cash or other property by some stockholders and an increase in the proportionate interest of other stockholders in the corporation's assets or earnings and profits. The following discussion assumes (unless explicitly stated otherwise) that the issuance of the Rights is not part of a "disproportionate distribution" within the meaning of the Code, and you should therefore not recognize taxable income for U.S. federal income tax purposes in connection with the receipt of the Rights. The disproportionate distribution rules are complicated, however, and their application is uncertain. Accordingly, it is possible that the IRS could challenge this assumption. For a summary of the U.S. federal income tax consequences to a U.S. holder if the Rights Offering is treated as part of a "disproportionate distribution," within the meaning of the Code, see the discussion below under *"Consequences if the Rights Offering Is Considered Part of a Disproportionate Distribution*."

The holding period for the Rights received in the Rights Offering by a U.S. Holder of Common Shares will include the holding period for the Common Shares with respect to which the Rights were received.

Tax Basis in Rights

If the aggregate fair market value of the Rights at the time they are distributed to U.S. Holders of Common Shares is less than 15% of the aggregate fair market value of the Common Shares at such time, the tax basis of the Rights received by a U.S. Holder will be zero unless such holder elects to allocate a portion of its tax basis of previously owned Common Shares to the Rights issued pursuant to the Rights Offering.

However, if the aggregate fair market value of the Rights at the time they are distributed to U.S. Holders of Common Shares is 15% or more of the aggregate fair market value of the Company's Common Shares at such time, or if a U.S. Holder elects to allocate a portion of its tax basis of previously owned Common Shares to the Rights issued in the Rights Offering, then such holder's tax basis in previously owned Common Shares will be allocated between such Common Shares and the Rights based upon the relative fair market value of such Common Shares and the Rights as of the date of the distribution of the Rights. Thus, if such an allocation is made and the Rights are later exercised, the tax basis in the Common Shares originally owned will be reduced by an amount equal to the tax basis allocated to the Rights and the basis in the new Common Shares will be increased by the tax basis allocated to these Common Shares. This election is irrevocable if made and would apply to all of the Rights received pursuant to the Rights Offering. The election must be made in a statement attached to a U.S. Holder's federal income tax return for the taxable year in which the Rights are distributed. U.S. holders should consult their own tax advisors to determine the proper allocation of basis between the Rights and the Common Shares with respect to which the Rights are received.

Exercise of Rights

A U.S. Holder will generally not recognize gain or loss on the exercise of a Right and related receipt of a Common Share. A U.S. Holder's initial tax basis in the Common Share received on the exercise of a Right should be equal to the sum of (a) such U.S. Holder's tax basis in such Right, if any, plus (b) the exercise price paid by such U.S. Holder on the exercise of such Right. A U.S. Holder's holding period for the Common Share received on the exercise of a Right will begin on the day that such Right is exercised by such U.S. Holder.

A U.S. Holder that exercises Rights received in the Rights Offering after disposing of the Common Shares with respect to which the Rights were received is urged to consult its own tax advisor regarding the potential application of the "wash sale" rules under Section 1091 of the Code.

Disposition of Rights

A U.S. Holder will recognize gain or loss on the sale or other taxable disposition of a Right in an amount equal to the difference, if any, between (a) the amount of cash plus the fair market value of any property received and (b) such U.S. Holder's tax basis, if any, in the Right sold or otherwise disposed of. Subject to the discussion under " *PFIC Considerations*" below, any gain or loss generally will be capital gain or loss, and will be short-term or long-term depending on whether the Rights are treated as having been held for more than one year under the holding period rule described above under "*Consequences of the Ownership, Disposition, and Lapse of Rights - Receipt of Rights*". Long-term capital gains of a non-corporate taxpayer are generally subject to taxation at preferential rates. The deductibility of capital losses is subject to various limitations.

Lapse of Rights

If a U.S. Holder's Rights expire, a U.S. Holder generally will not recognize any gain or loss for U.S. federal income tax purposes upon expiration of the Rights. If a U.S. Holder has tax basis in the expired Rights, such tax basis should be re-allocated to the tax basis of the Common Shares with respect to which the Rights were received. If the Rights expire after a U.S. Holder has disposed of the Common Shares with respect to which the Rights are received, such U.S. Holder should consult its tax advisor regarding its ability to recognize a loss (if any) on the expiration of the Rights.

Consequences if the Rights Offering Is Considered Part of a Disproportionate Distribution

If the Rights Offering is part of a "disproportionate distribution", within the meaning of the Code, the distribution of Rights will be taxable to a U.S. holder as a dividend to the extent that the fair market value of the Rights a U.S. holder receives is allocable to our current or accumulated earnings and profits, if any. Any distributions in excess of our current and accumulated earnings and profits, if any, will be treated as a tax-free return of basis, and any further distributions in excess of a U.S. Holder's tax basis in its Common Shares will be treated as gain from the sale or exchange of the Common Shares.

Consequences of the Ownership and Disposition of Common Shares received upon the Exercise of a Right

Distributions on Common Shares

Subject to the PFIC rules discussed below, the gross amount of any distribution made by the Company (without reduction for any Canadian income tax withheld from such distribution) will generally be subject to U.S. federal income tax as dividend income to the extent paid out of the Company's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Such amount will be includable in gross income by a U.S. Holder as ordinary income on the date that the U.S. Holder actually or constructively receives the distribution in accordance with its regular method of accounting for U.S. federal income tax purposes. The amount of any distribution made by the Company in property other than cash will be the fair market value of such property on the date of the distribution. Dividends paid by the Company will not be eligible for the dividends received deduction allowed to corporations.

Dividends paid to a non-corporate U.S. Holder by a "qualified foreign corporation" may be subject to reduced rates of taxation if certain holding period and other requirements are met. A qualified foreign corporation generally includes a foreign corporation if (i) its common shares are readily tradable on an established securities market in the United States or it is eligible for benefits under a comprehensive U.S. income tax treaty that includes an exchange of information program and which the U.S. Treasury has determined is satisfactory for these purposes and (ii) if such foreign corporation is not a PFIC for either the taxable year in which the dividend is paid or the preceding taxable year. The Company may be eligible for the benefits of the Treaty. Accordingly, subject to the PFIC rules, a non-corporate U.S. Holder may qualify for the reduced rate on dividends so long as the applicable holding period requirements are met. U.S. Holders should consult their own tax advisors regarding the availability of the reduced tax rate on dividends in light of their particular circumstances.

To the extent that a distribution exceeds the amount of the Company's current and accumulated earnings and profits, as determined under U.S. federal income tax principles, it will be treated first as a tax-free return of capital, causing a reduction in the U.S. Holder's adjusted tax basis in the Common Shares held by such U.S. Holder (thereby increasing the amount of gain, or decreasing the amount of loss, to be recognized by such U.S. Holder upon a subsequent disposition of the Common Shares), with any amount that exceeds the adjusted tax basis being treated as a capital gain recognized on a sale, exchange or other taxable disposition (as discussed below). However, the Company may not maintain calculations of its earnings and profits in accordance with U.S. federal income tax principles, and a U.S. Holder should therefore assume that any distribution by the Company with respect to the Common Shares will be treated as dividends for U.S. federal income tax purposes.

In general, any Canadian withholding tax imposed on dividend payments in respect of the Common Shares will be treated as a foreign income tax eligible for credit against a U.S. Holder's U.S. federal income tax liability (or, at a U.S. Holder's election, may, in certain circumstances, be deducted in computing taxable income). Dividends paid on the Common Shares will be treated as foreign-source income, and generally will be treated as "passive category income" for U.S. foreign tax credit purposes. The Code applies various complex limitations on the amount of foreign taxes that may be claimed as a credit by U.S. taxpayers. Accordingly, U.S. Holders are urged to consult their own tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Sale, Exchange, or Other Taxable Disposition of Common Shares

A U.S. Holder generally will recognize gain or loss upon the sale, exchange or other taxable disposition of the Common Shares in an amount equal to the difference between (i) the amount realized upon the sale, exchange or other taxable disposition and (ii) such U.S. Holder's adjusted tax basis in the Common Shares, respectively. Generally, subject to the application of the PFIC rules discussed below, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if, on the date of the sale, exchange or other taxable disposition, the U.S. Holder has held the Common Shares for more than one year. For individual U.S. Holders, long-term capital gains are subject to taxation at favorable rates. The deductibility of capital losses is subject to limitations under the Code. Gain or loss, if any, realized upon a sale, exchange or other taxable disposition of the Common Shares will be treated as having a United States source for U.S. foreign tax credit limitation purposes. Consequently, a U.S. Holder may not be able to use any foreign tax credits arising from any Canadian tax imposed on the sale, exchange or other taxable disposition of the Common Shares unless such credit can be applied (subject to applicable limitations) against tax due on other income treated as derived from foreign sources or unless an applicable treaty provides otherwise.

PFIC Considerations

Special, generally unfavorable, U.S. federal income tax rules apply to U.S. persons owning stock of a PFIC. A foreign corporation will be considered a PFIC for any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable "look through" rules, either (1) at least 75%of its gross income is "passive" income (the "income test") or (2) at least 50% of the average value of its assets is attributable to assets that produce passive income or are held for the production of passive income (the "asset test"). For purposes of determining whether a foreign corporation will be considered a PFIC, such foreign corporation will be treated as holding its proportionate share of the assets and receiving directly its proportionate share of the income of any other corporation in which it owns, directly or indirectly, more than 25% (by value) of the stock. PFIC status is fundamentally factual in nature. It generally cannot be determined until the close of the taxable year in question and is determined annually.

Based upon the current and expected composition of the Company's income and assets, the Company believes that it was not a PFIC for the taxable year ended December 31, 2021 and expects that it will not be a PFIC for the current taxable year. The determination of the Company's PFIC status for any year is very fact-specific, and accordingly, there can be no assurance in this regard. If the Company is classified as a PFIC in any year during which a U.S. Holder holds Common Shares, the Company will generally continue to be treated as a PFIC to such holder in all succeeding years, regardless of whether the Company continues to meet the income or asset test discussed above.

If the Company is a PFIC, and a U.S. Holder does not make a timely qualified electing fund ("**QEF"**) or mark to market election (a "**Non-Electing Holder"**), then special taxation rules will apply to (i) gains realized on the disposition of such U.S. Holder's Common Shares and (ii) certain "excess distributions" (generally, distributions received in the current taxable year that are in excess of 125% of the average distributions received during the three preceding years or, if shorter, such U.S. Holder's holding period) by the Company. Pursuant to these rules, a Non-Electing Holder generally would be required to pro rate all gains realized on the disposition of any of its Common Shares and all excess distributions on its Common Shares over its entire holding period. All gains or excess distributions allocated to prior years of a U.S. Holder (other than any year before the first taxable year of the Company during such U.S. Holder's holding period for which it was a PFIC) would be taxed at the highest tax rate for each such prior year applicable to ordinary income. A Non-Electing Holder also would be liable for interest on the foregoing tax liability for each such prior year calculated as if such liability had been due with respect to each such prior year but had not been paid until the taxable year within which the gains or excess distributions have occurred. The balance of the gain or the excess distribution would be treated as ordinary income in the year of the disposition or distribution, and no interest charge would be incurred with respect to such balance. Neither the QEF nor the mark-to-market election is available with respect to Rights, and therefore, the rules described above generally apply to gain realized on the disposition of Rights if the Company is a PFIC.

If the Company is a PFIC and the Common Shares are considered "marketable stock" for purposes of the PFIC rules, a U.S. Holder may avoid the imposition of the additional tax and interest described above by making a mark-to-market election in the first year of its holding period in such Common Shares. The Common Shares will be marketable stock if they are regularly traded on a qualifying exchange that is either (i) a national securities exchange which is registered with the SEC or the national market system established pursuant to the U.S. Securities Exchange Act of 1934, as amended, or (ii) any exchange or other market that the United States Treasury Department determines is adequate. The Company believes that the TSX meets this test, and accordingly, provided that the Common Shares are regularly traded on the TSX, a U.S. Holder should be able to make a mark-to-market election with respect to the Common Shares if the Company is classified as a PFIC. If a U.S. Holder chooses to make a mark-to-market election, such U.S. Holder must include in ordinary income for each taxable year for which the election is in effect, and during which the Company is a PFIC, an amount equal to the excess, if any, of the fair market value of its Common Shares as of the close of the taxable year over its adjusted tax basis in the Common Shares. In addition, the U.S. Holder may claim an ordinary loss deduction for the excess, if any, of its adjusted tax basis in the Common Shares over the fair market value of the Common Shares at the close of the taxable year, but only to the extent of any prior net mark-to-market gains. U.S. Holders are urged to consult their own tax advisors as to the consequences of marking a mark-to-market election.

Under the Code, a U.S. Holder of shares of a PFIC may also make a QEF election with respect to shares of the PFIC. U.S. Holders should consult with their own tax advisor as to the availability and consequences of the QEF election. It is not expected that a U.S. Holder will be able to make a QEF election because the Company does not intend to provide U.S. Holders with the information necessary to make a QEF election.

Under proposed Treasury Regulations, if a U.S. Holder has an option, warrant, or other right to acquire stock of a PFIC, such option, warrant or right is considered to be PFIC stock also subject to these default rules discussed above. However, a U.S. Holder generally may not make a QEF election or mark-to-market election with respect to warrants. In addition, under proposed Treasury Regulations, if a U.S. Holder holds an option, warrant or other right to acquired stock of a PFIC, the holding period with respect to shares of stock of the PFIC acquired upon exercise of such option, warrant or other right will include the period that the option, warrant or other right was held. Thus, this will impact the availability of a timely QEF Election or mark-to-market election with respect to Rights and the Common Shares received upon the exercise of such Rights. Because of the complexity and uncertainty of the treatment of the Rights under the PFIC rules, each U.S. Holder should consult its own tax advisor regarding the application of the PFIC rules to the Rights and the Common Shares received upon the exercise of such Rights and the availability of, and procedure for making, a qualifying election with respect to thereto.

If the Company is a PFIC, each U.S. Holder of Common Shares will be required to file an annual report with the IRS and failure to file such report could result in the imposition of penalties on such U.S. Holder. U.S. Holders are urged to consult their own tax advisors as to the requirement to file an annual report and the penalties that may apply for failing to file such annual report.

Receipt of Foreign Currency

The gross amount of any distribution in a currency other than U.S. dollars will be included by each U.S. Holder in income in a U.S. dollar amount calculated by reference to the exchange rate in effect on the day such U.S. Holder actually or constructively receives the payment in accordance with its regular method of accounting for U.S. federal income tax purposes regardless of whether the payment is in fact converted into U.S. dollars at that time. If the foreign currency is converted into U.S. dollars on the date of the payment, the U.S. Holder should not be required to recognize any foreign currency gain or loss with respect to the receipt of foreign currency. If, instead, the foreign currency is converted at a later date, any currency gains or losses resulting from the conversion of the foreign currency will be treated as U.S. source ordinary income or loss for U.S. foreign tax credit purposes. U.S. Holders are urged to consult their own U.S. tax advisors regarding the U.S. federal income tax consequences of receiving, owning, and disposing of foreign currency.

Net Investment Income "Medicare" Tax

Certain U.S. Holders that are individuals, estates or trusts and whose income exceeds certain thresholds generally are subject to a 3.8% Medicare tax on all or a portion of their net investment income, which may include their gross dividend income and net gains from the disposition of Common Shares. If you are a U.S. person that is an individual, estate or trust, you are encouraged to consult your tax advisors regarding the applicability of this Medicare tax to your income and gains in respect of your investment in Common Shares.

Information Reporting and Backup Withholding

U.S. Holders may be required to file certain U.S. information reporting returns with the IRS with respect to an investment in Common Shares, including, among others, IRS Form 8938 (Statement of Specified Foreign Financial Assets). As described above under "*PFIC Considerations*", each U.S. Holder who is a shareholder of a PFIC must file an annual report containing certain information. U.S. Holders paying more than US$100,000 for Common Shares may be required to file IRS Form 926 (Return by a U.S. Transferor of Property to a Foreign Corporation) reporting this payment. Substantial penalties may be imposed upon a U.S. Holder that fails to comply with the required information reporting.

Dividends on and proceeds from the sale or other disposition of Common Shares may be reported to the IRS unless the U.S. Holder establishes a basis for exemption. Backup withholding (currently at a 24% rate) may apply to amounts subject to reporting if the holder (1) fails to provide an accurate U.S. taxpayer identification number or otherwise establish a basis for exemption, or (2) is described in certain other categories of persons. However, U.S. Holders that are corporations generally are excluded from these information reporting and backup withholding tax rules. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability if the required information is furnished by the U.S. Holder on a timely basis to the IRS.

U.S. Holders should consult their own tax advisors regarding the backup withholding tax and information reporting rules.

INTERESTS OF EXPERTS

Certain legal matters relating to Canadian law will be passed upon for us by Blake, Cassels & Graydon LLP. The partners and associates of Blake, Cassels & Graydon LLP as a group beneficially own, directly or indirectly, less than one percent of any class of our securities.

The Company's auditors, Deloitte LLP, are independent of the Company within the meaning of the rules of professional conduct of the Chartered Professional Accountants of Alberta.

REGISTRAR AND TRANSFER AGENT AND SUBSCRIPTION AGENT

The registrar and transfer agent for the Common Shares in Canada is Computershare Trust Company of Canada at its principal office in Calgary, Alberta. Computershare Investor Services Inc. in its principal offices in Calgary and Toronto is acting as the Subscription Agent for the Rights Offering. The Subscription Agent will also act as depositary for the Rights Offering, and as registrar and transfer agent with respect to the Rights as well as any Common Shares issued upon the exercise of Rights or any Standby Shares issued pursuant to the Standby Commitment. We will pay all customary fees and expenses of the Subscription Agent related to the Rights Offering. We have also agreed to indemnify the Subscription Agent with respect to certain liabilities that it may incur in connection with the Rights Offering.

ENFORCEABILITY OF CIVIL LIABILITIES

Enforcement by United States Holders

The Company is a corporation organized under the laws of Alberta, Canada. All of the Company's directors and officers, and the experts named in this Prospectus, are residents of Canada or otherwise reside outside the United States, and all or a substantial portion of their assets, as well as a substantial portion of the Company's assets, are located outside the United States. Concurrent with the filing of this Prospectus, the Company has appointed an agent for service of process in the United States (as described below), but it may be difficult for holders of the Company's securities that reside in the United States to effect service within the United States upon those directors, officers and experts that are not residents of the United States. It may also be difficult for holders of the Company's securities that reside in the United States to realize in the United States upon judgments of courts of the United States predicated upon the Company's civil liability and the civil liability of its directors, officers and experts under U.S. federal securities laws. The Company has been advised by its Canadian counsel, Blake, Cassels & Graydon LLP, that a judgment of a U.S. court predicated solely upon civil liability under U.S. federal securities laws or the securities or "blue sky" laws of any state within the United States would probably be enforceable in Canada if the U.S. court in which the judgment was obtained assumed jurisdiction on the same basis that a court in Canada would assume jurisdiction. The Company has also been advised by Blake, Cassels & Graydon LLP, however, that there is substantial doubt whether an action could be brought in Canada in the first instance on the basis of liability predicated solely upon U.S. federal securities laws.

The Company has appointed Puglisi & Associates as its agent for service of process in the United States in connection with any investigation or administrative proceeding conducted by the SEC, and any civil suit or action brought against or involving the Company in a U.S. court arising out of or related to or concerning the offering of the securities under this Prospectus.

STATUTORY AND CONTRACTUAL RIGHTS

Securities legislation in certain of the provinces of Canada provides Eligible Holders with the right to withdraw from an agreement to purchase securities, which right includes the right to withdraw from an agreement to subscribe for the Common Shares underlying the Rights. This right may be exercised by an Eligible Holder within two business days after receipt or deemed receipt of this Prospectus and any amendment. In several of the provinces of Canada, securities legislation further provides an Eligible Holder with remedies for rescission or, in some jurisdictions, revisions of the price or damages if this Prospectus and any amendment contains a misrepresentation or is not delivered to such Eligible Holder, provided that the remedies for rescission, revisions of the price or damages are exercised by such Eligible Holder within the time limit prescribed by the securities legislation of such Eligible Holder's province. Eligible Holders should refer to any applicable provisions of the securities legislation of their specific province for the particulars of these rights or consult with a legal advisor.

In addition, Eligible Holders will have a contractual right of rescission against the Company in respect of the Rights purchased hereunder. The contractual right of rescission will entitle Eligible Holders to receive any amounts paid for the Rights or upon exercise of the Rights, in the event that this Prospectus (as amended) contains a misrepresentation or is not delivered to such Subscriber, provided that the right of rescission is exercised within 180 days of the date of the purchase of the Rights under this Prospectus. This contractual right of rescission will be consistent with the statutory right of rescission described above and in addition to any right or remedy available to Eligible Holders under the securities legislation of certain provinces and territories of Canada or otherwise at law.

Shareholders of the Company are entitled to all of the rights afforded to shareholders in the ABCA.

Shareholders are entitled to commence an action, similar to the right of shareholders to bring a derivative claim contained in the ABCA, on behalf of the company to remedy alleged wrongs done to the company itself, whether by the management or the shareholders of the Company.

DOCUMENTS FILED AS PART OF THE REGISTRATION STATEMENT

The following documents have been filed with the SEC as part of the registration statement of which this Prospectus forms a part: (a) documents listed under "Documents Incorporated by Reference"; (b) the consent of Deloitte LLP; (c) the consent of Blake, Cassels & Graydon LLP; and (d) powers of attorney.

PART II

INFORMATION NOT REQUIRED TO BE SENT TO SHAREHOLDERS

EXHIBITS

Exhibit Number	Description
2.1	The annual information form of the Registrant for the year ended December 31, 2021, dated March **24**, 2022.
2.2	The audited consolidated financial statements of the Registrant as at and for the years ended December 31, 2021 and 2020, together with the notes thereto and the auditor's report thereon.
2.3	The management's discussion and analysis of the Registrant for the years ended December 31, 2021 and 2020.
2.4	The management information circular of the Registrant dated March 15, 2021 prepared in connection with the Registrant's annual meeting of shareholders held on April 27, 2021.
3.1	Consent of Deloitte LLP.
3.2	Consent of Blake, Cassels & Graydon LLP.
4.1	Powers of Attorney (included on the signature page of this Registration Statement).

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-7 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Calgary, Alberta, Canada, on March 30, 2022.

WESTERN ENERGY SERVICES CORP.

By:	/s/ Jeffrey Bowers
Name:	Jeffrey Bowers
Title:	Senior Vice President, Finance and Chief Financial Officer

POWERS OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Alex MacAusland and Jeffrey Bowers, and each of them, either of whom may act without the joinder of the other, the true and lawful attorney-in-fact and agent of the undersigned, with full power of substitution and resubstitution, to execute in the name, place and stead of the undersigned, in any and all such capacities, any and all amendments (including post-effective amendments) to this Registration Statement, and all instruments necessary or in connection therewith, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the United States Securities and Exchange Commission, and hereby grants to each such attorney-in-fact and agent, each acting alone, full power and authority to do and perform in the name and on behalf of the undersigned each and every act and thing whatsoever necessary or advisable to be done, as fully and to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by or on behalf of the following persons in the capacities indicated, on March 30, 2022.

Signature	Title
/s/ Alex MacAusland Alex MacAusland	Director, President and Chief Executive Officer (Principal Executive Officer)
/s/ Jeffrey Bowers Jeffrey Bowers	Senior Vice President, Finance and Chief Financial Officer (Principal Financial and Principal Accounting Officer)
/s/ Ronald P. Mathison Ronald P. Mathison	Chairman of the Board
/s/ John R. Rooney John R. Rooney	Director
/s/ Lorne A. Gartner Lorne A. Gartner	Director
/s/ Donald D. Copeland Donald D. Copeland	Director
/s/ George S. Armoyan George S. Armoyan	Director

AUTHORIZED REPRESENTATIVE

Pursuant to the requirements of Section 6(a) of the Securities Act of 1933, as amended, the undersigned certifies that it is the duly authorized United States representative of the Registrant and has duly signed this Registration Statement in the City of Newark, State of Delaware, on March 30, 2022.

PUGLISI & ASSOCIATES

By: /s/ Donald Puglisi
Name: Donald Puglisi
Title: Managing Director

INDEX TO EXHIBITS

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Exhibit 2.1

WESTERN ENERGY SERVICES CORP.

Annual Information Form

Year Ended December 31, 2021

March 24, 2022

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GLOSSARY OF TERMS

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

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

Terms:

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

"**AECO**" means Alberta Energy Company;

"**AIMCo**" means Alberta Investment Management Corporation;

"**Aero Rental Services**" or "**Aero**" means Aero Rental Services, a division of Western Production Services;

"**Annual Information Form**" means this annual information form;

"**Armco**" means Armco Alberta Inc.;

"**Audit Committee**" means the audit committee of the Board of Directors;

"**BDC**" means Business Development Bank of Canada;

"**Bid**" means the normal course issuer bid of the Corporation which commenced on January 14, 2020 permitting the Corporation to purchase up to 5,200,000 Common Shares subject to the rules of the TSX;

"**Board of Directors**" or "**Board**" means the board of directors of Western;

"**BOP**" means blowout preventer;

"**CAOEC**" means Canadian Association of Energy Contractors;

"**CAPP**" means the Canadian Association of Petroleum Producers;

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

"**Common Share(s)**" means a common share(s) in the capital of Western;

"**Credit Facility**" or "**Credit Facilities**" means both the Revolving Facility and the Operating Facility;

"**Debt Conversion**" means the proposed conversion of $100 million of principal under the Second Lien Facility to Common Shares at a conversion price of $0.05 per Common Share as partial settlement of the debt owing under the Second Lien Facility pursuant to the Debt Restructuring Transactions;

"**Debt Restructuring Agreement**" has the meaning set forth under the heading "*2022 Year to Date*";

"**Debt Restructuring Transactions**" has the meaning set forth under the heading "*2022 Year to Date*";

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

"**Eagle Well Servicing"** or "**Eagle**" means Eagle Well Servicing, a division of Western Production Services;

"**EBITDA**" means earnings before interest, taxes, depreciation and amortization;

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

"**G2S2**" means G2S2 Capital Inc.;

"**Horizon Drilling**" or "**Horizon**" means Horizon Drilling, a division of Western;

"**HSBC Facility**" means the six-year committed term non-revolving facility in the amount of $12.5 million;

"**IADC**" means the International Association of Drilling Contractors;

"**Investor Rights Agreement**" has the meaning set forth under the heading "*2022 Year to Date*";

"**LNG**" means liquefied natural gas;

"**Matco**" means Matco Investments Ltd.;

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

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

"**NI 52-110**" means National Instrument 52-110 - *Audit Committees;*

"**O'Chiese / Eagle J.V.**" means the well servicing joint venture between Eagle and the O'Chiese First Nation;

"**OPEC**" means the Organization of Petroleum Exporting Countries;

"**Operating Facility**" means the loan facility of Western which consists of a committed operating facility in the amount of $10 million;

"**Person**" includes an individual, a body corporate, a trust, a union, a pension fund, a government and a governmental agency;

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

"**Registration Rights Agreement**" has the meaning set forth under the heading "*2022 Year to Date*";

"**Revolving Facility**" means the loan facility of Western with a syndicate of lenders which consists of an extendible revolving credit facility in the amount of $50 million;

"**Rights Offering**" means the proposed rights offering by the Corporation to holders of Common Shares in connection with the Debt Restructuring Transactions;

"**SAGD**" means steam assisted gravity drainage;

"**Second Lien Facility**" means the second lien senior secured five-year 7.25% term loan facility between Western as borrower and AIMCo as lender, with an initial principal amount of $215 million due January 31, 2023;

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

"**TSX**" means the Toronto Stock Exchange;

"**WCSB**" means Western Canadian Sedimentary Basin;

"**Warrants**" means the 7,099,546 warrants to purchase Common Shares at an exercise price of $1.77 per Common Share issued in October 2017 and which expired on October 17, 2020;

"Western Oilfield Services" means Stoneham Drilling Corporation doing business as Western Oilfield Services;

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

"**Western Production Services**" means Western Production Services Corp., a wholly owned subsidiary of Western.

Abbreviations:

"**bbl(s)**" means barrel(s);

"**daN**" means deca Newton;

"**GHG**" means greenhouse gases;

"**lbs**" means imperial pounds; and

"US" means the United States of America.

GENERAL MATTERS

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

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

SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

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

Forward-looking information in this Annual Information Form includes, but is not limited to the following: the business of the Corporation; industry, market and economic conditions and any anticipated effects on Western; competition in the oilfield services industry; the implications of the ongoing COVID-19 pandemic on Western and the oilfield service industry; the ability of the Corporation to complete the Rights Offering and the Debt Conversion; the anticipated approval of the Debt Restructuring Transactions by the TSX; the cyclical and seasonal nature of the oilfield services industry; results of operations and performance of the Corporation; expectations about drilling activity levels, demand for and deployment of rigs; capital expenditure plans for 2022; the declaration of dividends by Western; use of the Credit Facilities, the HSBC Facility or the Second Lien Facility and Western's ongoing compliance with the covenants thereunder; opportunities relating to the Debt Restructuring Transactions, including the planned use of proceeds under the Rights Offering; the entrance by the Corporation into the Registration Rights Agreement and the Investor Rights Agreement; the ability of AIMCo to nominate directors to the Corporation's board of directors; demand, utilization and day rates for the Corporation's services; the outlook on commodity prices impacting the Corporation's business; the ability of Western's management to position the Corporation for success; impacts of new laws and regulations on Western and the oilfield services industry; and business strategies, prospects, plans and opportunities. Many factors could cause the performance or achievement of Western to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Because of the risks, uncertainties and assumptions contained herein, readers should not place undue reliance on these forward-looking statements.

The material assumptions used in making the forward-looking statements in this Annual Information Form include, but are not limited to, assumptions relating to: demand levels and pricing for oilfield services; demand for crude oil and natural gas and the price and volatility of crude oil and natural gas; the continued business relationships between the Corporation and its customers; the development of LNG projects, crude oil transport and pipeline approval and development; the Corporation's ability to finance its operations; the effects of seasonal and weather conditions on operations and facilities; the competitive environment to which the various business segments are, or may be, exposed in all aspects of their business; the ability of the Corporation's various business segments to access equipment (including spare parts and new technologies); changes in laws or regulations; currency exchange fluctuations; the ability of the Corporation to attract and retain skilled labour and qualified management; the ability to retain and attract significant customers; and general business, economic and market conditions.

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

- the on-going impact of the COVID-19 pandemic on global demand and prices for oil and gas, including the impact on demand for Western's services;
- volatility in market prices for crude oil and natural gas and the effect of this volatility on the demand for oilfield services generally, and, specifically, pressure on, crude oil and natural gas prices;
- reduced exploration and development activities by E&P companies in North America and the effect of such reduced activities on Western's services and products;
- political, economic, and environmental conditions in Canada, the United States 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;
- environmental liabilities and risks;
- changes to laws, regulations and policies regarding, among other things, royalties on crude oil and natural gas production, curtailments of crude oil and natural gas production and climate change;
- fluctuations in foreign exchange or interest rates;
- failure of counterparties to perform or comply with their obligations under contracts;
- regional competition and the increase in new or upgraded rigs;
- the Corporation's ability to attract and retain skilled labour;
- the Corporation's ability to attract and retain customers;
- the Corporation's ability to obtain debt or equity financing and to fund capital, operating and other expenditures and obligations;
- stock market volatility and market valuations;
- uncertainties in weather and temperature affecting the duration of the service periods and the activities that can be completed;
- fixed costs in relation to variable revenue streams;
- the presence of heavy competition in the market segments in which the Corporation currently operates;
- failure to realize the anticipated benefits of acquisitions or incorrect assessment of the value of acquisitions;
- failure to complete the Debt Restructuring Transactions;
- the Corporation's ability to comply with the covenants under the Credit Facilities, HSBC Facility and the Second Lien Facility and the restrictions on its operations and activities if it is not compliant with such covenants;
- the Corporation's ability to protect itself from "cyber-attacks" which could compromise its information systems and critical infrastructure; and

- other risks, uncertainties and factors, many of which are beyond the control of Western, and some of which are discussed under "Risk Factors" in this Annual Information Form.

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

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

WESTERN ENERGY SERVICES CORP.

CORPORATE STRUCTURE

Name, Address and Incorporation

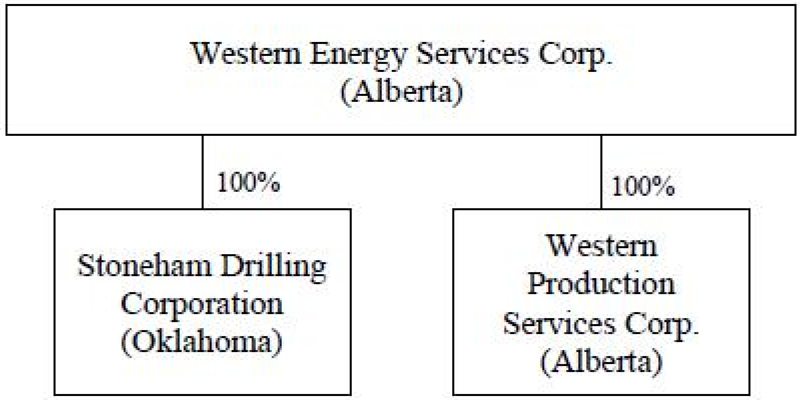
The Corporation was incorporated under the ABCA on March 18, 1996 as "Big Blackfoot Resources Ltd." On September 27, 2002, the Corporation filed articles of amendment to change its name to "BBF Resources Inc." and to consolidate its then outstanding Common Shares on the basis of one Common Share for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

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

Intercorporate Relationships

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

Organizational Structure of the Corporation



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

General

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

Three Year History

2019

Continued low commodity prices, lack of pipeline egress and the mandatory production curtailments implemented by the Government of Alberta constrained demand for conventional oil in the WCSB in 2019. This caused many E&P companies to reduce capital spending year-over-year, diverting free cash flow from investment in production growth to paying dividends, buying back shares and reducing debt. As a result, industry demand for drilling rigs, well servicing rigs and oilfield rental equipment decreased from 2018, which negatively impacted Western's financial results in Canada.

Given the industry environment for oilfield services in Canada, Western continued its strategy of deploying underutilized existing assets from Canada into more active resource plays in the United States. In January 2019, Western transferred a Duvernay class drilling rig from Canada to the Permian Basin in the United States, increasing the United States drilling rig fleet to eight including six in the Williston Basin and two in Texas. As a result of a larger and more geographically diversified drilling rig fleet in 2019, Western was able to increase its US operating days over 2018. Additionally, in 2019, Western established well servicing operations in the United States relocating three well servicing rigs from Canada to the Bakersfield area of California. However, as a result of increased focus on investor returns and debt reduction, industry activity slowed in the United States in 2019, particularly in the fourth quarter.

As a result of continued market uncertainty and the related outlook for current and future oilfield services activity and pricing, the Corporation completed an impairment test for each of its cash generating units ("CGUs") as at December 31, 2019. Based on the results of these tests, the Corporation recorded impairments in its contract drilling and oilfield rentals CGUs of $49.0 million and $5.0 million respectively.

2020

Crude oil prices in 2020 for both Canada and the US were impacted by the COVID-19 pandemic. Crude oil prices reached historical lows during 2020, which significantly impacted the demand for Western's services. However, natural gas prices in Canada strengthened in 2020, as the 30-day spot AECO price improved by 24% for the year ended December 31, 2020 as there was less associated gas produced due to the reduction of drilling activity in the United States. In the United States, industry activity decreased in 2020. As reported by Baker Hughes Company, the number of active drilling rigs in the United States decreased by approximately 56% to 351 rigs at year end

2020, as compared to the prior year. 2020 saw unprecedented low demand resulting from the COVID-19 pandemic that had significant impacts on industry activity in both the US and in Canada. Prior to the COVID-19 pandemic, there were also continued industry concerns over market access, increased regulation, and the prevailing customer preference to return cash to shareholders, or pay down debt, rather than grow production in both Canada and the US.

In response to the decrease in demand, Western reduced its salaried workforce by fifty percent, lowered cash compensation for its remaining employees and reduced capital expenditures.

On January 6, 2020, the Corporation announced that it was initiating a normal course issuer bid. The Bid was accepted by the TSX. Pursuant to the Bid, Western could purchase for cancellation up to 5,200,000 Common Shares, subject to the rules of the TSX. The Bid commenced on January 14, 2020 and terminated on January 13, 2021. The Corporation purchased for cancellation 1,584,000 Common Shares of the Corporation for a total cost of approximately $0.5 million during the duration of the Bid.

As a result of continued market uncertainty, low commodity prices, unprecedented demand destruction due to the COVID-19 pandemic and the related outlook for current and future oilfield services activity and pricing, the Corporation recognized impairments of $9.5 million and $2.0 million respectively, in the Corporation's contract drilling and oilfield rentals CGUs in the first quarter of 2020.

On October 17, 2020 the Warrants expired.

On December 31, 2020, Western announced that its senior lenders had approved an extension of the maturity of Western's Credit Facilities from December 17, 2021 to July 1, 2022. The total commitments under the Credit Facilities remained unchanged at $60 million. Western and its lenders agreed to make additional changes to the Credit Facilities, including covenant relief for the third and fourth quarters of 2021 whereby: (i) the consolidated senior debt to consolidated EBITDA covenant was waived; (ii) a minimum liquidity of $5 million was required; (iii) the maximum consolidated debt to consolidated capitalization covenant was increased to 0.65x from 0.60x; and (iv) a maximum consolidated senior debt to consolidated capitalization ratio of 0.10x was added. Annual capital expenditures for 2021 could not exceed $10 million. Western was in compliance with all of its covenants under the Credit Facilities prior to these amendments and was in compliance with all covenants under the Credit Facilities as amended.

Western also announced on December 31, 2020 that, in conjunction with the amended Credit Facilities, it had entered into an agreement with HSBC for a $12.5 million six-year committed term non-revolving facility with the participation of BDC (the "HSBC Facility") under BDC's Business Credit Availability Program. The HSBC Facility bears interest at a floating rate and matures on December 31, 2026. The HSBC Facility was fully funded on December 31, 2020. Western used the proceeds to fund its January 2021 interest and principal payments under its Second Lien Facility with AIMCo and the remaining funds were used for future interest and principal payments to AIMCo.

2021

The COVID 19 pandemic persisted throughout 2021 with successive waves resulting in a continued heightened level of uncertainty and varying levels of government mandated restrictions and lockdowns. As government restrictions gradually eased, global demand for petroleum liquids recovered to near pre-pandemic levels by the fourth quarter of 2021. While demand recovered, production growth was slower, as OPEC+ adopted a measured approach and producers remained cautious. The resulting imbalance drove crude oil prices substantially higher in 2021. Natural gas prices also strengthened due to higher LNG demand, increased natural gas-fired power generation and lower US drilling for oil resulting in less associated gas production. Despite the increase in demand and prices for petroleum products, the recovery in demand for oilfield services has lagged as producers remain cautious in their capital spending, directing higher portions of free cash flow to debt reduction, increased dividends and share buybacks and less to production growth.

In Canada, the CAOEC reported 2021 industry drilling days of 43,842 which is 47% above 2020 and 3% below 2019 which was constrained by government production curtailments and a shortage of pipeline capacity. The pipeline constraints were resolved in the fourth quarter of 2021 as Enbridge's line three pipeline expansion was completed and came online adding 370,000 bbls per day of egress capacity. The Federal Government's funding to help clean up orphaned and abandoned wells and an increase in production work helped to drive an increase in industry well servicing activity to pre-pandemic levels. In Canada, Western's contract drilling division worked 3,051 operating days, a 51% increase over 2020, and the well servicing division worked 67,323 service hours, a 26% increase over 2020.

In the US, 2021 industry drilling activity only partially recovered from historic lows in 2020. As reported by Baker Hughes Company, the US rig count at December 31, 2021 was 586, a 67% increase over 2020. However, the annual average US rig count for 2021 of 478 was only 10% higher than 2020 and 49% below 2019 levels. In the US, Western’s contract drilling division worked 387 operating days compared to 201 in 2020. In the fourth quarter of 2021 Western ceased well serving operations in California and sold its three service rigs.

Capital expenditure for 2021 was $6.9 million, comprising expansion capital of $1.1 million and maintenance capital of $5.8 million.

On December 30, 2021, Western announced that AIMCo agreed to extend the due date for the payment of interest under the Second Lien Facility from January 4, 2022 to February 28, 2022 and that Western is in discussions with its lenders with respect to potential transactions to provide long term financial stability through the current challenging oilfield services environment. The payment extension provides Western with additional flexibility while it explores these potential opportunities.

2022 Year to Date

On February 28, 2022, Western announced that AIMCo agreed to provide Western with a further extension of the due date for the payment of interest under the Second lien Facility to March 21, 2022 and that Western is continuing the above noted discussions with its lenders.

On March 22, 2022, Western announced that it had entered into agreements to restructure a portion of its outstanding debt and raise new capital (the "Debt Restructuring Transactions"). Pursuant to the Debt Restructuring Transactions, Western entered into a debt restructuring agreement (the "Debt Restructuring Agreement") with AIMCo, the lender under its Second Lien Facility. Under the Debt Restructuring Agreement, subject to the completion of the other components of the Debt Restructuring Transactions and the satisfaction of certain other conditions, the Corporation will complete the Debt Conversion, subject to reduction in the event the offering price in the Rights Offering is less than $0.016 per share. On completion of the Debt Conversion, the Second Lien Facility will be amended to, among other things, extend its maturity date from January 31, 2023 to the fourth anniversary of the closing date of the Debt Conversion.

As a condition to the completion of the Debt Conversion, the Corporation will conduct the Rights Offering. The subscription price for each right will be $0.016 per share or a lower amount determined based on the market price of the Common Shares at the commencement of the Rights Offering. G2S2 Capital Inc. ("G2S2"), G2S2's subsidiary Armco Alberta Inc. ("Armco"), Ronald P. Mathison and Matco Investments Ltd. ("Matco"), currently the Corporation's largest shareholders, have entered into a standby purchase agreement with the Corporation wherein they have agreed to exercise in full their basic subscription privilege in the Rights Offering and, in the case of each of Armco and Matco, subscribe for any shares not subscribed for by other shareholders under the Rights Offering. The proceeds of the Rights Offering will be applied to reduce the principal amount outstanding under the Second Lien Facility by $10 million, with the remaining $21.5 million being applied to pay the current draw on the Corporation's senior secured credit facilities, fund maintenance and growth capital for the Corporation and for general corporate purposes.

It is also a condition to completion of the Debt Conversion that the Corporation and AIMCo will enter into a registration rights agreement (the "Registration Rights Agreement") pursuant to which AIMCo will be granted the right to cause the Corporation to file a prospectus to facilitate the sale of its Common Shares in a public offering, or to allow it to participate in a public offering of Common Shares by the Corporation, in each case subject to certain customary restrictions and limitations. The Registration Rights Agreement will terminate when AIMCo and its permitted transferees beneficially own, in the aggregate, less than 10% of the then outstanding Common Shares and further that the Corporation, G2S2, Armco, Ronald P. Mathison, Matco and AIMCo will enter into an investor rights agreement (the "Investor Rights Agreement") pursuant to which AIMCo will be granted the right to appoint two nominees for election as directors of the Corporation for so long as AIMCo's shareholding percentage of the Corporation's Common Shares is 30% or greater. In connection with the Debt Restructuring Transactions, Western has entered into a commitment letter with two of the lenders under its senior secured credit agreement to make certain amendments to its senior credit facilities. Upon completion of the Debt Restructuring Transactions, the principal amount of the Second Lien Facility is expected to be approximately $108.5 million and AIMCo is expected to hold approximately 49.7% of the outstanding Common Shares.

Completion of the Debt Restructuring Transactions is subject to various conditions, including completion of definitive amendments to the Second Lien Facility agreement and the senior secured credit facility substantially on the terms specified in the Debt Restructuring Agreement, approval of the Debt Restructuring Transactions by the Toronto Stock Exchange and completion of the Rights Offering. Details of the Debt Restructuring Transactions and proposed amendments to Western's senior credit facilities are contained in the press release issued on March 22, 2022 and filed under Western's SEDAR profile on www.sedar.com.

DESCRIPTION OF THE CORPORATION'S BUSINESS AND OPERATIONS

General

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

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

Western owns 57 drilling rigs (49 in Canada and eight in the United States). Western is currently the fourth largest drilling contractor in Canada based on the number of rigs registered with the CAOEC. Subsequent to December 31, 2021, the Corporation deregistered 12 drilling rigs with the CAOEC, all of which can be reactivated at any time. The Corporation's drilling rig fleet is specifically suited for the current market which has moved towards drilling wells of increased complexity and all of Western's rigs are capable of drilling horizontal wells. In total, 56% of Western's owned drilling rig fleet are Montney and Duvernay class rigs and the remaining 44% are Cardium class rigs. Western's fleet of drilling rigs is one of the newest in Canada, and Western's commitment to training employees and developing technology has resulted in Western establishing a strong foothold within Canada.

Western owns and operates 63 service rigs in Canada, including 30 singles, 25 doubles and 8 slant service rigs. The three service rigs that previously operated in the United States under Western Oilfield Services were sold in the fourth quarter of 2021. Western is the third largest well servicing contractor in Canada, based on the number of rigs registered with the CAOEC.

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

Western's revenue by segment for 2021 and 2020 is outlined below:

(Stated in Thousands)	Year Ended December 31, 2021	Year Ended December 31, 2020
Contract Drilling	$ 76,778	$ 61,992
Production Services	$ 55,522	$ 42,066

Contract Drilling Services

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

Services and Contracts

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

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

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

Equipment

Western owns and operates 57 drilling rigs. Forty-nine of these are in Canada, of which 37 are registered with the CAOEC, making Western the fourth largest drilling contractor in Canada based on the number of registered drilling rigs. Eight drilling rigs are in the United States. Western's rigs are classified into categories as follows:

Rig Class	Marketed	Owned
Cardium	13	25
Montney	19	19
Duvernay	13	13
	45	**57**

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

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

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

Production Services

Well Servicing

Eagle Well Servicing provides well servicing in the WCSB.

Services and Contracts

Service rigs are used for completion services, production work-overs and abandonment services as well as various maintenance activities on producing shallow to deep crude oil and natural gas wells. Completion services prepare a newly drilled well for production and may include well clean-out, or the installation of production tubing or downhole well equipment. The length of the completion process varies depending on the requirements of the well. Production workover services include major repairs or modifications to existing wells. Workovers are performed to restore and enhance production of an existing producing well or plugging or abandoning a well. Well maintenance services are also required to ensure continuous and efficient production of a producing well. These services include routine mechanical repairs or replacing damaged production tubing, downhole pumps and rods (continuous or jointed) and typically are shorter jobs, sometimes taking less than two days to complete.

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

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

Equipment and Operating Bases

Western's service rig fleet consists of a total of 63 service rigs in Canada. Eagle is the third largest well servicing contractor in Canada, based on the number of rigs registered with the CAOEC.

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

Eagle provides services across the WCSB from Alberta bases in Blackfalds, Grande Prairie and Slave Lake and Saskatchewan bases in Lloydminster and Estevan. Eagle also is a joint venture partner with the O'Chiese First Nation. The O'Chiese / Eagle J.V. owns and operates two well servicing rigs in Central Alberta. Eagle and the O'Chiese First Nation jointly market the rigs, and the rigs are operated and managed by Eagle personnel and O'Chiese First Nation members.

Oilfield Rental Equipment Services

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

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

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

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

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

Competitive Conditions

The Corporation, through its operating divisions and subsidiaries, provides oilfield services primarily to the field operation locations of E&P companies located in the WCSB, and in the Williston, Permian, and Powder River Basins in the United States. The oilfield services business is highly competitive and in order to be successful, the Corporation and its subsidiaries must provide services that meet the specific needs of its customers at competitive prices. The principal competitive factors in the markets in which the Corporation operates are: (i) service quality and availability; (ii) reliability and performance of equipment used to perform its services; (iii) technical knowledge and experience; (iv) a reputation for safety performance; and (v) price. The Corporation competes with several smaller and larger regional competitors. Competitors offer similar services in all geographic regions in which the Corporation operates.

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

Drilling and completion activity levels in the WCSB have declined since late 2014 as a result of reduced commodity prices, the COVID-19 pandemic and pipeline capacity issues. Such reduced activity levels by E&P companies have directly resulted in the demand for the Corporation's services (and those of its competitors) decreasing which, in turn, has increased the competition among the Corporation and its competitors. The decrease in demand and increase in competition have resulted in reduced utilization and pricing for the Corporation's services. The reduced demand, utilization and day rates have all contributed to the Corporation's revenues decreasing significantly since the peak of 2014. While demand and utilization began to recover in 2017 and 2018, continued low commodity prices, lack of pipeline egress and mandatory production curtailments implemented by the Government of Alberta further suppressed demand, utilization and pricing in 2019. As a result of the COVID-19 pandemic activity levels were driven to historic lows in 2020. In 2021 demand increased following higher commodity prices, vaccine rollouts and the intermittent lifting of government restrictions, however remained constrained as E&P companies directed more cash flow to reducing debt, paying dividends and share buybacks. While activity is expected to continue to recover in 2022, it is not expected to return to 2014 levels for the foreseeable future.

Cyclical and Seasonal Nature of the Industry

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

- Spring break-up — typically occurs between mid-March and mid-June. The northern drilling locations thaw and southern lands become impractical for travel due to wet road and surface conditions resulting in road bans. Drilling and other oilfield activity is generally low during these periods with E&P companies planning for the summer drilling season.

- Summer and fall drilling season — typically occurs between mid-June and mid-October, generally focused on areas that are accessible in the summer (i.e. not situated in areas covered with muskeg); summer drilling activity is generally not as strong as in the winter drilling season.

- Switch-over to winter drilling season — typically occurs between mid-October and mid-November and is characterized by lighter drilling activity when many E&P companies are moving off summer drilling locations and preparing winter drilling leases for delivery of equipment.

- Winter drilling season — typically occurs between mid-November through mid-March and is the period when a large part of rig activity takes place and E&P companies take advantage of the frozen landscape to access northern drilling locations.

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

Environmental Considerations

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

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

The Corporation is proactive in its approach to environmental concerns. Generally, industry acceptable contracts in Canada and the United States for both drilling and well servicing provide a clear division of responsibilities relating to the foregoing between oilfield service companies and the customer. Procedures, which are overseen by the CEO and the Vice President, Health, Safety and Environment are in place to ensure that care is taken in the day-to-day management of the Corporation's oilfield services operations. These procedures include third party environmental assessments and continual training, as well as communication with all field leaders regarding spills and chemical handlings.

In May 2021 the Corporation adopted its Environmental, Social and Governance Standard policy which is published on the Corporation's website.

Employees

As at December 31, 2021, the Corporation had, together with its subsidiaries, 566 employees.

RISK FACTORS

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

Continued Impact of COVID-19

Western’s business, financial condition and results of operations have been and may continue to be materially and adversely affected by the outbreak of epidemics, pandemics and other public health crises in geographic areas in which the Corporation has operations, customers or employees, including the ongoing COVID-19 pandemic and continued uncertainty with respect to the extent and duration of the pandemic. The ongoing pandemic may continue to impact the Corporation's operations and the full extent of the impact is currently unknown, as it will depend on future developments which are highly uncertain and cannot be predicted with any degree of certainty, including: the duration, severity and geographic spread of the COVID-19 virus and global variants and mutations thereof, including in respect of any resurgence of the virus and the spread of any new variant thereof in certain geographic areas, including certain areas in which the Corporation operates; further actions that may be taken by governmental authorities, including in respect of travel restrictions and business disruptions; the effectiveness and timing of actions taken to contain and treat the COVID-19 virus and variants and mutations thereof, including the vaccines developed in response thereto; and how quickly and to what extent normal economic and operating conditions can resume as such restrictions are removed.

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

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

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

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

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

Competition

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

The proportion of newly built or upgraded high specification drilling rigs and new well servicing rigs competing for work in the market areas Western serves has increased. Such increases in the availability of these rigs could have a material adverse effect on Western's market share.

Drilling and completion activity in the WCSB has declined from 2014 levels as a result of the reduction in commodity prices due to industry factors as well as the ongoing COVID-19 pandemic. Such reduced activity levels by E&P companies have directly resulted in the demand for the Corporation's services (and those of its competitors) decreasing which, in turn, has increased competition among the Corporation and its competitors. The decrease in demand and increase in competition have resulted in reduced utilization and day rates for the Corporation's services.

Reliance on Key Personnel and Experienced Crews

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

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

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

Leverage and Restrictive Covenants

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

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

The Credit Facilities, the HSBC Facility and the Second Lien Facility contain numerous covenants that limit the discretion of management with respect to certain business matters. These covenants will place restrictions on, among other things, the ability of Western to create liens or other encumbrances; to pay dividends or make other distributions, or make certain other investments, loans and guarantees; to sell or otherwise dispose of assets or repurchase stock, merge, amalgamate or consolidate with another entity. In addition, the Credit Facilities contain a number of financial covenants that require Western to meet certain financial ratios and financial condition tests. Western's ability to meet such tests could be affected by events beyond its control, and it may not be able to meet such financial ratios and/or tests.

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

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

Liquidity Risk

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

Cyclical Nature of the Oilfield Services Industry

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

Capital Overbuild in the Contract Drilling and Well Servicing Industry

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

Fluctuations in the Price of Common Shares

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

Future Sales of Common Shares by the Corporation

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

Global Economic Uncertainty

The overall uncertainty surrounding global economic conditions, including the COVID-19 pandemic has contributed significant volatility to commodity prices in North America which has adversely affected the crude oil and natural gas industry in North America. Global economic conditions that may affect the North American crude oil and natural gas industry include, among other things, demand for commodities, sovereign debt levels and political unrest. Such factors continue to impact commodity prices in North America and contribute to higher volatility in North American stock markets. Negative volatility of global economic conditions could have a material adverse effect on Western, its customers and its suppliers.

Seasonality

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

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

Credit Risk

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

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

Risks of Interruption and Casualty Losses

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

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

Agreements and Customers

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

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

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

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

Western's Business is affected by Governmental Regulations and Policies

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

Further, the operations of Western are subject to a variety of federal, state, provincial and local laws, regulations, and guidelines, including laws and regulations relating to health and safety, the conduct of operations, the protection of the environment, the operation of equipment used in its operations and the transportation of materials and equipment it provides for its customers. Western believes that each of its subsidiaries and operating entities are currently in compliance with such laws and regulations. Western currently invests financial and managerial resources to ensure such compliance and will continue to do so in the future. However, such laws or regulations are subject to change and accordingly, Western cannot accurately predict the cost or impact of any change to such laws and regulations on Western's business and financial results.

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

Greenhouse Gas Emissions

The Corporation's customers' facilities and other operations and activities emit greenhouse gases ("GHGs") and require them to comply with GHG emissions legislation in force in those provinces and states in which it operates or that may be enacted in provinces and states in which it operates. Any regulatory changes that impose additional environmental restrictions or requirements on Western or its customers, could increase the Corporation's operating costs and potentially lead to lower demand for services and have an adverse effect on the Corporation's business operations and financial condition. Laws, regulations or treaties concerning climate change or GHGs, including incentives to conserve energy or use alternate sources of energy, can have an adverse impact on the demand for oil and natural gas, which could have a material adverse effect on the Corporation's business operations and financial condition. Such laws, regulations or treaties are evolving and it is difficult to estimate with certainty the impact they will have on Western's business. There is a growing public perception that burning fossil fuels and other production of GHGs contributes to climate change and other environmental effects.

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

Safety Performance

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

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

Foreign Operations

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

Dividends

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

Tax Matters

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

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

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

Vulnerability to Market Changes

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

Potential Replacement or Reduced Use of Products and Services

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

New Technology Could Place Western at a Disadvantage versus Competitors

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

The ability of Western to meet customer demands in respect of performance and cost will depend upon continuous improvements in operating equipment and there can be no assurance that Western will be successful in its efforts in this regard or that it will have the resources available to meet this continuing demand. Failure by Western to do so could have a material adverse effect on Western's business, financial condition, results of operations and cash flows. No assurances can be given that competitors will not achieve technological advantages over Western.

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

Dependence on Suppliers

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

Alternatives to and Changing Demand for Petroleum Products

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

Failure to Realize Anticipated Benefits of Acquisitions and Dispositions

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

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

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

The Corporation may make dispositions of businesses and assets in the ordinary course of business. Management continually assesses the value and contribution of services provided and assets required to provide such services. In this regard, non-core assets are periodically disposed of, so that the Corporation can focus its efforts and resources more efficiently. Depending on the state of the market, certain non-core assets of the Corporation, if disposed of, could result in the Corporation receiving less than their carrying amount.

Environmental Liability

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

Variations in Foreign Exchange Rates and Interest Rates

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

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

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

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

Asset Impairment

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

Access to Additional Financing

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

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

Conflicts of Interest

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

Information Technology Security

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

Rig Construction Risks

When Western contracts for the construction of a contract drilling or well servicing rig, the cost of construction of the rig and the timeline for completing the construction are estimated at that time. Actual costs of construction may, however, vary significantly from those estimated as a result of numerous factors, including, without limitation, changes in input costs such as the price of steel, variations in labour rates, and, to the extent that component parts must be sourced from other countries, fluctuations in exchange rates and tariffs. In addition, several factors could cause delays in the construction of a rig, including shortages in skilled labour and delays or shortages in the supply of component parts. While Western has not experienced any material delays to date, construction delays in the future could lead to postponements of the anticipated date for deployment of a newly constructed rig into operation and any such postponement could have a negative effect on cash flows generated from operations, of which the effect may be material.

DIVIDENDS

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

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

DESCRIPTION OF THE CORPORATION'S SECURITIES

The authorized capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of Preferred Shares. As at March 24, 2022, the Corporation had 91,788,008 Common Shares and no Preferred Shares issued and outstanding. The following is a summary of the rights, privileges, restrictions and conditions of the securities of the Corporation.

Common Shares

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

Preferred Shares

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

MARKET FOR SECURITIES

Trading Price and Volume of Western's Common Shares

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

Price Range

2021	High ($)	Low ($)	Volume
January	0.495	0.33	313,459
February	0.44	0.365	323,582
March	0.44	0.35	197,736
April	0.53	0.40	610,797
May	0.50	0.39	147,190
June	0.51	0.41	244,990
July	0.475	0.27	383,176
August	0.34	0.26	414,950
September	0.35	0.28	316,074
October	0.45	0.28	483,224
November	0.43	0.30	403,300
December	0.385	0.26	664,143

Prior Sales

The following tables set forth, for each class of securities of the Corporation that is outstanding but not listed or quoted on a marketplace, the price at which securities of the class have been issued during the financial year ended December 31, 2021 and the number of securities of the class issued at that price and the date on which the securities were issued.

Stock Options

Description (1)	Number of Securities	Price per Security (2) ($)	Date of Issuance
Stock Options	39,720	0.48	January 4, 2021
Stock Options	2,870	0.36	April 1, 2021
Stock Options	1,030	0.44	July 2, 2021

Notes:

(1) "Stock Options" means options to purchase Common Shares granted pursuant to Western's Stock Option Plan.

(2) Represents the exercise price per Stock Option.

Restricted Share Units

Cash Settled

Description (1)	Number of Securities	Date of Issuance
RSU	NIL	N/A

Treasury Settled

Description (1)	Number of Securities	Date of Issuance
RSU	7,320	January 4, 2021
RSU	500	April 1, 2021
RSU	3,320	July 2, 2021

Note:

(1) "RSU" means Restricted Share Units issued pursuant to Western's Restricted Share Unit Plan.

DIRECTORS AND OFFICERS

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

Name and Place of Residence	**Position with Western**	**Director or Officer of Western Since**	**Principal Occupation and Positions for the Past Five Years**
George S. Armoyan (2) Nova Scotia, Canada	Director	April 27, 2021	Interim Chief Executive Officer of Calfrac Well Services Ltd., an oilfield services company, since December 2021. Executive Chairman and Secretary of G2S2 Capital Inc. (a private investment company). Also, President of Armco Capital Inc., and Chairman, President & CEO of Clarke Inc.
Donald D. Copeland (1)(3) British Columbia, Canada	Director	June 17, 2011	Mr. Copeland is a graduate engineer and an independent businessman. Mr. Copeland was a director of Stoneham Drilling Trust from June 2008 to June 2011. Prior thereto Mr. Copeland was the Executive Chairman of Upper Lake Oil and Gas Ltd. from October 2007 to August 2008. Prior thereto, Mr. Copeland was Chairman and Chief Executive Officer of Diamond Tree Energy Ltd. and its predecessor from May 2001 to October 2007.
Lorne A. Gartner (1)(2)(3) Alberta, Canada	Director	June 16, 2011	Mr. Gartner is an independent businessman. Formerly, Mr. Gartner was a Managing Director of Royal Bank of Canada Capital Markets, a position he held from 2000 to 2006. Prior to that time, Mr. Gartner was a Vice President of Royal Bank of Canada, Calgary Energy Group.
Ronald P. Mathison Alberta, Canada	Director and Chairman of the Board	December 17, 2010	Mr. Mathison is the President and Chief Executive Officer of Matco Investments Ltd. and Matco Capital Ltd., private investment firms which specialize in providing capital and management expertise to companies in which they have an interest.
John R. Rooney (1)(2)(3) Alberta, Canada	Director	December 22, 2009	Mr. Rooney is an independent businessman. Mr. Rooney is the chairman of Tamarack Valley Energy Ltd, a public oil company since March 2021 and Chairman of Kara Technologies Inc, a private energy technology company, since September 2017. Mr. Rooney was the Chairman and Chief Executive Officer of Northern Blizzard Resources Inc., a public oil and gas company, from November 2009 to November 2017. From December 2007 to April 2009, Mr. Rooney was the Chief Executive Officer of Tusk Energy Inc., a public oil and gas company.

Name and Place of Residence	**Position with Western**	**Director or Officer of Western Since**	**Principal Occupation and Positions for the Past Five Years**

Alex R. N. MacAusland (3) Alberta, Canada	President, Chief Executive Officer and Director	December 8, 2009	Mr. MacAusland, a founder of Western, is the President and CEO of Western. From December 2009 to December 2013, Mr. MacAusland was the President and COO of Western. From February 2008 to December 2009, Mr. MacAusland was the President and CEO of Horizon Drilling Inc. From 2006 to 2008, Mr. MacAusland was the Senior Vice President of IROC Energy Services Corp. Prior to that he was at Precision Drilling Corporation for 15 years in various capacities.
Jeffrey K. Bowers Alberta, Canada	Senior Vice President, Finance, Chief Financial Officer and Corporate Secretary	December 8, 2009	Mr. Bowers, a founder of Western, is the Senior Vice President Finance, Chief Financial Officer and Corporate Secretary of Western. From April 2008 to December 2009, Mr. Bowers was the Vice President Finance and CFO with Horizon Drilling Inc. Previously, Mr. Bowers was the Chief Financial Officer at FracSource Inc. from 2005 to 2008 prior to its divestiture, and was employed by Precision Drilling Corporation, initially as Corporate Controller with Computalog Ltd. followed by Group Controller, Canada for Precision Energy Services.
Peter J. Balkwill Alberta, Canada	Vice President, Finance	April 6, 2015	Mr. Balkwill is the Vice President, Finance. Prior to joining Western, Mr. Balkwill was the Vice President, Finance and Chief Financial Officer of Calmena Energy Services Inc. from January 2010 to February 2015. Prior to joining Calmena, Mr. Balkwill worked for three years with an international drilling company operating in Canada, US, and Latin America, first as Vice President Operations Finance and thereafter as Vice President Finance.
Dan Lundstrom Alberta, Canada	Vice President, Health, Safety and Environment	April 25, 2018	Mr. Lundstrom is the Vice President of Health, Safety and Environment for Western. Prior to joining Western, Mr. Lundstrom was employed with Precision Drilling Corporation where he held various roles over his 24-year tenure, including, most recently, HSE Director, Global Standards and Compliance.

Notes:

(1) Member of the Audit Committee.
(2) Member of the Corporate Governance and Compensation Committee.
(3) Member of the Health, Safety and Environment Committee.

As at March 24, 2022, the current officers and directors of Western, as a group, beneficially own or control, directly and indirectly, an aggregate of 46,212,875 Common Shares, being approximately 50% of the outstanding Common Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

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

(i) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (each, an "Order") that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(ii) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies

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

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

(ii) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

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

Peter Balkwill was the Chief Financial Officer of Calmena Energy Services Inc. ("Calmena") when, on January 20, 2015, Calmena's senior lender was granted a receivership order by the Court of Queen's Bench of Alberta. An order for discharge of the receiver was pronounced in September 2021.

Penalties or Sanctions

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

(i) penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(ii) other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

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

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

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

Composition of the Audit Committee

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

Relevant Education and Experience of Members of the Audit Committee

John R. Rooney (Chairman)

Mr. Rooney is an independent businessman. Mr. Rooney is the chairman of Tamarack Valley Energy Ltd, a public oil company since March 2021 and Chairman of Kara Technologies Inc, a private energy technology company, since September 2017. Mr. Rooney was the Chairman and CEO of Northern Blizzard Resources Inc., a publicly traded crude oil and gas company, from November 2009 to June 2017 and was acting CEO from June 2017 to November 2017. From December 2007 to April 2009, Mr. Rooney was the CEO of TUSK Energy Inc. From 2005 to 2007, Mr. Rooney was the President and CEO of Zenas Energy Inc. Mr. Rooney is a Chartered Accountant and a Chartered Business Valuator.

Lorne A. Gartner

Mr. Gartner is an independent businessman. From May of 2000 until March of 2006, he was the Managing Director of Royal Bank of Canada Capital Markets based out of Houston, Texas. In this position, Mr. Gartner was responsible for overseeing the bank's United States energy portfolio. Prior to that time, he was a Vice President of Royal Bank of Canada, Calgary Energy Group. Mr. Gartner has over 39 years of banking experience in Canada with an excess of 20 years of experience in energy banking and has a Bachelor of Commerce Degree from the University of Alberta with a specialization in finance.

Donald D. Copeland

Mr. Copeland is graduate engineer and an independent businessman. Mr. Copeland was a director of Stoneham Drilling Trust from June 2008 to June 2011. Prior thereto Mr. Copeland was the Executive Chairman of Upper Lake Oil and Gas Ltd. from October 2007 to August 2008. Prior thereto, Mr. Copeland was Chairman and Chief Executive Officer of Diamond Tree Energy Ltd. and its predecessor from May 2001 to October 2007. Mr. Copeland is a graduate of the Director's Education Program sponsored by the Institute of Corporate Directors.

Audit Committee Oversight

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

Pre-Approval Policies and Procedures

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

Auditor Service Fees

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

Type of Service Provided	2021 ($)	2020 ($)
Audit fees (including quarterly reviews) (1)	300,135	300,135
Audit-related fees (2)	37,450	37,450
Tax fees (3)	25,948	18,993
All other fees (4)	40,660	91,090
TOTAL	**404,193**	**447,668**

Notes:

(1) Audit fees were paid for professional services rendered by the auditors for the audit or review of the Corporation's annual and interim financial statements.

(2) Audit-related fees were paid for assurance and related services related to securities filings other than the audit or review of the annual and interim financial statements.

(3) Tax fees were paid for professional services relating to tax compliance, tax advice and tax planning.

(4) All other fees relate to translation services in 2021 and fees payable for third party software in 2020.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

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

TRANSFER AGENT AND REGISTRAR OF THE CORPORATION

Computershare Trust Company of Canada, 800, 324 – 8th Avenue SW, Calgary Alberta, T2P 2Z2, is the transfer agent and registrar of the Common Shares.

MATERIAL CONTRACTS

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

Third Amended and Restated Credit Agreement dated April 27, 2016, as amended, between Western, HSBC Bank Canada, ATB Financial, the Toronto Dominion Bank and other lenders thereto, agreeing to the terms of its Credit Facilities.

Senior Secured Second Lien Credit Agreement dated October 17, 2017 between Western and AIMCo agreeing to the terms of the Second Lien Facility.

HSBC Facility dated December 31, 2020 between Western and HSBC Bank Canada agreeing to the terms of the HSBC Facility.

[NTD: Consider what, if any material contracts should be disclosed. Debt Restructuring Transaction Agreements to be included, to the extent executed prior to filing]

INTERESTS OF EXPERTS

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

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Western is not a party to any legal proceeding nor was it a party to, nor is or was any of its property the subject of any legal proceeding, during the financial year ended December 31, 2021, nor is Western aware of any such contemplated legal proceedings, which involve a claim for damages exclusive of interest and costs that may exceed 10% of the current assets of Western.

During the year ended December 31, 2021, there were no: (i) penalties or sanctions imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority; (ii) penalties or sanctions imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor in making an investment decision, or (iii) settlement agreements the Corporation entered into before a court relating to securities legislation or with a securities regulatory authority.

ADDITIONAL INFORMATION

Additional information relating to the Corporation can be found under the Corporation's profile on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Common Shares and securities authorized for issuance under equity compensation plans, is contained in the Corporation's Management Information Circular dated March 15, 2021 filed on SEDAR at www.sedar.com. Additional financial information is provided for in the Corporation's financial statements and management's discussion and analysis for the years ended December 31, 2021 and 2020.

APPENDIX 'A' – AUDIT COMMITTEE CHARTER
WESTERN ENERGY SERVICES CORP. (the "CORPORATION")
AUDIT COMMITTEE CHARTER

Purpose

1. The purpose of the Audit Committee (the "**Committee**") is to:

   (a) review and recommend to the Board for acceptance, prior to their public release, all material financial information required to be gathered and disclosed to the public by the Corporation;

   (b) oversee management designed and implemented accounting systems and internal controls; and

   (c) recommend to the Board of Directors (the "**Board**") of the Corporation, the engagement of the external auditor to the Corporation, including their compensation.

Composition

2. The Corporation, as a reporting issuer, must have an audit committee that complies with National Instrument 52-110 *Audit Committees* ("**NI 52-110**"). Accordingly, the Committee must be comprised of at least three members of the Board to serve at the pleasure of the Board. Each member will at all times be independent and financially literate as those terms are defined in NI 52-110. At least one member shall have accounting or related financial management expertise. In particular, at least one member shall have education or experience as a principal financial officer, controller or chartered public accountant.

3. No Committee member shall serve on the audit committees of more than five other issuers without prior determination by the Board that such simultaneous service would not impair the ability of such member to serve effectively on the Committee.

4. No Committee member shall have served as Chief Financial Officer of the Corporation within the last five years.

Meetings

5. The Committee is required to meet in person, or by telephone conference call, at least once each quarter and as often thereafter as required to discharge the duties of the Committee.

6. The Chair of the Committee appointed by the Board will, in consultation with management, establish the agenda for meetings.

7. A quorum for a meeting of the Committee shall be a majority of members present in person or by telephone conference call.

8. Notice of the time and place of every meeting shall be given in writing, by email or facsimile to each member of the Committee at least 24 hours prior to the time fixed for such meeting, provided that a member may in any manner waive a notice of meeting.

Responsibilities of the Committee

9. The Committee's primary responsibilities are to:

   (a) have a written charter that sets out its mandate and responsibilities;

   (b) be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of any disagreements between management and the external auditor regarding financial reporting;

   (c) monitor the management of the principal risks that could impact the financial reporting of the Corporation;

   (d) monitor the integrity of the Corporation's financial reporting process and system of internal controls regarding financial reporting and accounting compliance;

   (e) provide an avenue of communication among the external auditors, management and the Board; and

   (f) ensure that the external auditor reports directly to the Committee.

Authority of the Committee

10. The Committee must have the authority to:

   (a) inspect any and all of the books and records of the Corporation, its subsidiaries and affiliates;

   (b) engage independent counsel and other advisors as it determines necessary to carry out its duties;

   (c) set and instruct the Corporation to pay the compensation for any advisors employed by the Committee;

   (d) communicate directly with the internal and external auditors of the Corporation;

(e) annually recommend to the Board the appointment of the external auditor, and oversee their compensation;

(f) pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by its external auditors, or the external auditors of the Corporation's subsidiary entities and the Committee may delegate to one or more independent members, the authority to pre-approve non-audit services which must then be presented to the Committee at its first scheduled meeting following such pre-approval; and

(g) when there is to be a change of external auditors, review all issues and provide documentation related to the change, including the Change of Auditor Notice called for by NI 51-102 and as required by other applicable securities regulation, and the planned steps for an orderly transition period.

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11. The Committee must establish and periodically review procedures for:

(a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and

(b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters, or other matters that could negatively affect the Corporation such as violations of the Corporation's Code of Conduct and Ethics.

12. The Committee must review and approve the hiring of any partners, employees and former partners and employees of the Corporation's present and former external auditors.

13. The Committee shall:

(a) review the amount and terms of any insurance to be obtained or maintained by the Corporation with respect to risks inherent in its operations and potential liabilities incurred by the directors or officers in the discharge of their duties and responsibilities;

(b) review the appointments of the Chief Financial Officer and any key financial managers who are involved in the financial reporting process;

(c) establish a periodic review procedure to ensure that the external auditor complies with the Canadian Public Accountability Regime under National Instrument 52-108 – *Auditor Oversight*;

(d) inquire into and determine the appropriate resolution of any conflict of interest in respect of audit or financial matters, which are directed to the Committee by any member of the Board, a shareholder of the Corporation, the external auditors, or senior management;

(e) review the audit plan with the Corporation's external auditors and with management;

(f) discuss with management and the external auditors any proposed changes in major accounting policies or principles, the presentation and impact of significant risks and uncertainties and key estimates and judgments of management that may be material to financial reporting;

(g) review with management and with the external auditors significant financial reporting issues arising during the most recent fiscal period and the resolution or proposed resolution of such issues;

(h) review any problems experienced or concerns expressed by the external auditors in performing an audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;

(i) review audited annual financial statements and related documents in conjunction with the report of the external auditors;

(j) review the Corporation's financial statements, management's discussion and analysis and annual and interim profit or loss press releases and with financial management and the external auditors before release to the public, and recommend to the Board for approval;

(k) be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and must periodically assess the adequacy of such procedures;

(l) review and recommend to the Board for approval any financial outlooks and future oriented financial information prior to disclosure of such information;

(m) at the earliest opportunity after each meeting, report to the Board the results of its activities and any reviews undertaken and make recommendations to the Board as deemed appropriate; and

(n) assess, on an annual basis, the adequacy of this Charter.

14. Annual Review of the Committee's Charter

(a) Review and reassess, at least annually, the adequacy of this Charter and recommend any proposed changes to the Board for approval; and

(b) Review the Corporation's public disclosure regarding the Committee's Charter.

Ratified by the Board of Directors October 25, 2021

Management's Responsibility

To the Shareholders of Western Energy Services Corp.:

The accompanying consolidated financial statements have been prepared by management and approved by the Board of Directors of Western Energy Services Corp. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and, where appropriate, reflect management's best estimates and judgments. Management is responsible for the accuracy, integrity and objectivity of the consolidated financial statements.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Audit Committee is appointed by the Board of Directors, with all of its members being independent directors. The Audit Committee meets with management, as well as with the external auditors, to satisfy itself that management is properly discharging its financial reporting responsibilities and to review the consolidated financial statements and the auditor's report. The Audit Committee reports its findings to the Board of Directors for consideration in approving the consolidated financial statements for presentation to the shareholders. The external auditors have direct access to the Audit Committee of the Board of Directors.

The consolidated financial statements have been audited independently by Deloitte LLP on behalf of Western Energy Services Corp. in accordance with Canadian generally accepted auditing standards. Their report outlines the nature of their audit and expresses their opinion on the consolidated financial statements.

"Signed"
Alex R.N. MacAusland
President &
Chief Executive Officer

"Signed"
Jeffrey K. Bowers
Senior Vice President, Finance,
Chief Financial Officer & Corporate Secretary

March 24, 2022

Deloitte.

INDEPENDENT AUDITOR'S REPORT
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Western Energy Services Corp.
Consolidated Balance Sheets
(thousands of Canadian dollars)

	Note	December 31, 2021	December 31, 2020
Assets			
Current assets			
Cash and cash equivalents		$ 7,478	$ 19,322
Trade and other receivables	6	26,464	18,246
Other current assets	7	6,411	5,928
		40,353	43,496
Non current assets			
Property and equipment	8	415,245	452,040
Other non current assets	7	405	89
		$ 456,003	$ 495,625
Liabilities			
Current liabilities			
Trade payables and other current liabilities	9	$ 24,590	$ 23,138
Current portion of long term debt	10	13,539	4,361
		38,129	27,499
Non current liabilities			
Long term debt	10	226,884	237,633
Deferred taxes	16	4,490	8,020
		269,503	273,152
Shareholders' equity			
Share capital	11	441,672	441,461
Contributed surplus		15,762	15,678
Retained earnings (deficit)		(296,467)	(260,333)
Accumulated other comprehensive income		23,540	23,996
Non controlling interest		1,993	1,671
		186,500	222,473
		$ 456,003	$ 495,625

The accompanying notes are an integral part of these consolidated financial statements.

Approved on behalf of the Board of Directors:

"Signed"
Ronald P. Mathison
Director, Chairman of the Board

"Signed"
John R. Rooney
Director, Chairman of the Audit Committee

Western Energy Services Corp.

Consolidated Statements of Operations and Comprehensive Income (Loss)
(thousands of Canadian dollars except share and per share amounts)

	Note		Year ended December 31, 2021		Year ended December 31, 2020
Revenue		$	131,678	$	103,684
Expenses					
Operating			97,950		72,879
Administrative			10,681		10,527
Depreciation	8		42,024		48,268
Stock based compensation	12		253		449
Finance costs	14		19,664		17,963
Other items	15		375		(1,992)
Impairment of property and equipment	8		-		11,500
Loss before income taxes			(39,269)		(55,910)
Income tax recovery	16		3,457		14,609
Net loss			(35,812)		(41,301)
Other comprehensive loss [1]					
Loss on translation of foreign operations			(334)		(1,214)
Unrealized foreign exchange loss on net investment in subsidiary			(122)		(1,947)
Comprehensive loss		$	(36,268)	$	(44,462)
Net income (loss) attributable to:					
Shareholders of the Company		$	(36,134)	$	(41,259)
Non controlling interest			322		(42)
Comprehensive income (loss) attributable to:					
Shareholders of the Company		$	(36,590)	$	(44,420)
Non controlling interest			322		(42)
Net loss per share:					
Basic		$	(0.39)	$	(0.45)
Diluted			(0.39)		(0.45)
Weighted average number of shares:					
Basic	13		91,372,740		91,253,521
Diluted	13		91,372,740		91,253,521

(1) Other comprehensive loss includes items that may be subsequently reclassified into profit and loss.

The accompanying notes are an integral part of these consolidated financial statements.

Western Energy Services Corp.
Consolidated Statements of Changes in Shareholders' Equity
(thousands of Canadian dollars)

	Share capital	Contributed surplus [1]	Retained earnings (deficit)	Accumulated other comprehensive income[2]	Non controlling interest	Total shareholders' equity
Balance at December 31, 2019	$ 441,794	$ 15,459	$ (219,074)	$ 27,157	$ 1,756	$ 267,092
Common shares:						
Issued on vesting of restricted share units	145	(145)	-	-	-	-
Purchased under normal course issuer bid	(478)	-	-	-	-	(478)
Stock based compensation	-	364	-	-	-	364
Distributions to non controlling interest	-	-	-	-	(43)	(43)
Comprehensive loss	-	-	(41,259)	(3,161)	(42)	(44,462)
Balance at December 31, 2020	441,461	15,678	(260,333)	23,996	1,671	222,473
Common shares:						
Issued for cash on exercise of stock options	14	-	-	-	-	14
Issued on vesting of restricted share units	192	(192)	-	-	-	-
Fair value of exercised options	5	(5)	-	-	-	-
Stock based compensation	-	281	-	-	-	281
Comprehensive (loss) income	-	-	(36,134)	(456)	322	(36,268)
Balance at December 31, 2021	$ 441,672	$ 15,762	$ (296,467)	$ 23,540	$ 1,993	$ 186,500

(1) Contributed surplus relates to stock based compensation described in Note 12.

(2) At December 31, 2021 the accumulated other comprehensive income balance consists of the translation of foreign operations and unrealized foreign exchange on the net investment in subsidiary.

The accompanying notes are an integral part of these consolidated financial statements.

Western Energy Services Corp.
Consolidated Statements of Cash Flows
(thousands of Canadian dollars)

(tabular amounts are in thousands of Canadian dollars, except common share and per common share amounts)

	Note	Year ended December 31, 2021	Year ended December 31, 2020
Operating activities			
Net loss		$ (35,812)	$ (41,301)
Adjustments for:			
Depreciation	8	42,024	48,268
Non cash stock based compensation	12	281	364
Finance costs	14	19,664	17,963
Impairment of property and equipment	8	-	11,500
Income tax recovery	16	(3,457)	(14,609)
Other		346	(292)
Income taxes paid		-	(32)
Change in non cash working capital		(6,415)	5,862
Cash flow from operating activities		16,631	27,723
Investing activities			
Additions to property and equipment	8	(6,866)	(2,788)
Proceeds on sale of property and equipment		2,212	549
Issuance of promissory note	7	(611)	-
Change in non cash working capital		(422)	(770)
Cash flow used in investing activities		(5,687)	(3,009)
Financing activities			
Share purchase under normal course issuer bid	11	-	(478)
Finance costs paid		(14,667)	(16,959)
Repayment of second lien debt	10	(2,150)	(2,150)
Repayment of lease obligations	10	(2,961)	(3,169)
Repayment of credit facilities	10	(3,000)	(1,297)
Proceeds from US paycheck protection plan	10	-	2,314
Issuance costs of HSBC facility	10	(24)	-
Net proceeds from HSBC facility	10	-	12,375
Issue of common shares		14	-
Distributions to non controlling interest		-	(43)
Cash flow used in financing activities		(22,788)	(9,407)
(Decrease) increase in cash and cash equivalents		(11,844)	15,307
Cash and cash equivalents, beginning of year		19,322	4,015
Cash and cash equivalents, end of year		$ 7,478	$ 19,322

The accompanying notes are an integral part of these consolidated financial statements.

1. Reporting entity:

Western Energy Services Corp. ("Western") is a company domiciled in Canada. The address of the head office is 1700, 215 - 9th Avenue SW, Calgary, Alberta. Western is a publicly traded company that is listed on the Toronto Stock Exchange ("TSX") under the symbol "WRG". These consolidated financial statements as at and for the years ended December 31, 2021 and 2020 (the "Financial Statements") are comprised of

Western, its divisions and its wholly owned subsidiaries (together referred to as the "Company"). The Company is an oilfield service company providing contract drilling services through its division, Horizon Drilling ("Horizon") in Canada, and its wholly owned subsidiary, Stoneham Drilling Corporation ("Stoneham") in the United States. Western provides well servicing and oilfield rental equipment services in Canada through its wholly owned subsidiary Western Production Services Corp. ("Western Production Services"). Western Production Services' division, Eagle Well Servicing ("Eagle") provides well servicing operations, while its division, Aero Rental Services ("Aero") provides oilfield rental equipment services. Financial and operating results for Horizon and Stoneham are included in Western's contract drilling segment, while financial and operating results for Eagle and Aero are included in Western's production services segment.

2. Basis of preparation and significant accounting policies:

(a) Statement of compliance:

These Financial Statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS").

Preparation of these Financial Statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity and areas where assumptions and estimates are significant to these Financial Statements are disclosed in Note 4.

These Financial Statements were approved for issuance by Western's Board of Directors on March 24, 2022.

(b) Basis of measurement:

The consolidated Financial Statements have been prepared using the historical cost basis except as described in the Company's accounting policies in Note 3.

(c) Functional and presentation currency:

These Financial Statements are presented in Canadian dollars, which is Western's functional currency.

3. Significant accounting policies:

The significant accounting policies set out below have been applied consistently to all periods presented in these Financial Statements, unless otherwise indicated.

(a) Basis of consolidation:

These Financial Statements include the accounts of Western and its subsidiaries, which are entities over which Western has control. Control exists when Western has the power, directly or indirectly, to direct the relevant activities of an entity so as to obtain benefit from its activities. The financial results of Western's subsidiaries are included in the Financial Statements from the date that control commenced until the date that control ceases. The accounting policies of Western's subsidiaries have been aligned with the policies adopted by Western. When Western ceases to control a subsidiary, the financial statements of that subsidiary are de-consolidated.

Inter-company balances and transactions, and any income and expenses arising from inter-company transactions, have been eliminated in these Financial Statements.

A portion of the Company's operations are conducted through arrangements where the Company and a third party each have a 50% interest. Based on the criteria outlined in IFRS 10, Consolidated Financial Statements, the Company determined that, for financial reporting purposes, the Company has control of these arrangements. As a result, the Company fully consolidates the arrangements and has recorded a non-controlling interest in equity and net income (loss).

3. Significant accounting policies (continued):

(b) Foreign currency transactions and operations:

The Canadian dollar is Western's functional and presentation currency. Each of the Company's subsidiaries' functional currency is determined individually and items included in the financial statements of each subsidiary are measured using that functional currency. Transactions in foreign currencies are translated to the respective functional currencies of Western and its subsidiaries at exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the exchange rate in effect on the balance sheet date with any resulting foreign exchange gain or loss recognized in net income (loss). Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rate in effect on the date of the transaction. Foreign currency gains and losses on transactions are reported on a net basis and recognized in other items within net income (loss).

The Company's foreign operations are conducted through Stoneham, which has a US dollar functional currency. For the purposes of presenting the Financial Statements, the assets and liabilities of this foreign operation are translated to Canadian dollars using exchange rates in effect on the balance sheet date. Income and expenses are translated at the average exchange rate for the period. Exchange differences arising from this translation are recognized in other comprehensive income (loss).

(c) Business combinations:

The Company uses the acquisition method to account for business combinations. The Company measures goodwill as the fair value of the consideration transferred, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a gain on acquisition is recognized immediately in net income (loss).

Goodwill is allocated as of the date of the business combination to the Company's operating segments that are expected to benefit from the business combination and represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, which can be no higher than the operating segment level. Goodwill is not amortized and is tested for impairment annually. Additionally, goodwill is reviewed at each reporting date to determine if events or changes in circumstances indicate that the asset might be impaired, in which case an impairment test is performed. Goodwill is measured at cost less accumulated impairment losses.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred and recognized in other items within net income (loss).

(d) Financial instruments:

All financial instruments are measured at fair value upon initial recognition of the transaction. Measurement in subsequent periods is dependent on whether the instrument is classified as "amortized cost", "fair value through profit or loss" or "fair value through other comprehensive income".

The Company derecognizes a financial asset when the contractual right to the cash flows from the asset expires, or it transfers the right to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following financial assets and liabilities recognized at amortized cost:

Cash and cash equivalents are initially recognized at fair value and are subsequently measured at amortized cost with changes therein recognized in net income (loss).

3. Significant accounting policies (continued):

The Company's trade and other receivables are classified under the amortized cost category and are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value, adjusted for any directly attributable transaction costs. Subsequent to initial recognition, trade and other receivables are measured at amortized cost using the effective interest method, less any impairment losses.

(tabular amounts are in thousands of Canadian dollars, except common share and per common share amounts)

Trade payables and other current liabilities, lease obligations, the Second Lien Facility, the HSBC Facility, and Credit Facilities are classified under the amortized cost category. Financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Financial liabilities, including the Second Lien Facility and the HSBC Facility are subsequently measured at amortized cost using the effective interest method. Transaction costs incurred with respect to the Credit Facilities are deferred and amortized using the straight line method over the term of the facility. The asset is recognized in other assets on the balance sheet while the amortization is included in finance costs within net income (loss). Transaction costs related to undrawn term loans are recognized in deferred charges until the term loan is drawn. Subsequent to drawing on the term loan, transaction costs are netted against the term loan and amortized using the effective interest method.

(e) Cash and cash equivalents:

Cash and cash equivalents are comprised of cash balances and short term investments with original maturities of three months or less.

(f) Property and equipment:

Property and equipment is measured at cost less accumulated depreciation and accumulated impairment.

Cost includes expenditures that are directly attributable to the acquisition of the asset and bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of self-constructed assets includes the cost of materials and direct labour as well as any other costs directly attributable to bringing the assets to a working condition for their intended use.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are included in the cost of those assets, until such time as the assets are substantially available for their intended use. All other borrowing costs are recognized in net income (loss) in the period incurred.

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. Costs associated with certifications and overhauls of drilling and well servicing rigs are capitalized and depreciated over the anticipated period between certifications, while the carrying amount of a replaced part, previous certification or overhaul is derecognized and recorded as a loss in net income (loss) as incurred. The costs of day-to-day servicing of property and equipment (i.e. repairs and maintenance) are recognized in net income (loss) as incurred.

Property and equipment is depreciated on a straight line basis. A summary of the expected life and residual values for the Company's property and equipment as at December 31, 2021 and 2020 is as follows:

	Expected Life	**Residual values**
Buildings	25 years	-
Drilling rigs and related equipment:		
Drilling rigs	8 to 25 years	10%
Drill pipe	5 to 8 years	-
Major inspections and overhauls	3 to 5 years	-
Well servicing rigs and related equipment	12 to 25 years	10%
Ancillary drilling and well servicing equipment	5 to 15 years	-
Rental equipment	1 to 30 years	-
Shop and office equipment	1 to 10 years	-
Vehicles	3 years	20%

3. Significant accounting policies (continued):

Depreciation is calculated based on the cost of the asset, less its estimated residual value. Depreciation is recognized in net income (loss) on a straight line basis over the estimated useful lives of each class of asset. Leased assets are depreciated over the shorter of the lease term and their estimated useful lives unless it is reasonably certain that the Company will obtain ownership at the end of the lease term, in which case, the estimated useful life of the asset is used. Land is not depreciated. Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted if appropriate.

An item of property and equipment is derecognized when it is either disposed of or when it is determined that no further economic benefit is expected from the item's future use or disposal and as such is decommissioned. Losses realized on decommissioned assets are recognized in net income (loss) upon derecognition. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal, less associated costs of disposal, with the carrying amount of property and equipment, and are recognized in other items within net income (loss).

(g) Inventory:

Inventory is primarily comprised of operating supplies and is measured at the lower of cost and net realizable value. Inventory is charged to operating expenses as items are consumed using the weighted average cost method.

(h) Impairment:

(i) Financial assets:

Financial assets are assessed at each reporting date to determine whether there is evidence that they are impaired. A financial asset is impaired if evidence indicates a loss event has occurred after the initial recognition of the asset, and the loss event had a negative effect on the estimated future cash flows of the asset that can be estimated reliably.

(ii) Non-financial assets:

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is an indication of impairment. If an indication exists, then the asset's carrying amount is assessed for impairment.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). An impairment is recognized in net income (loss) if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing fair value less costs to sell, the Company must estimate the price that would be received to sell the asset or CGU less any incremental costs directly attributable to the disposal. In assessing value in use, the estimated cash flows are discounted to their present value using an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairments recognized in prior periods are assessed at each reporting date for indications that the impairment has decreased or no longer exists. An impairment is reversed if there has been a change in the estimates used to determine the recoverable amount and the decrease in impairment can be objectively related to an event occurring after the impairment was recognized. An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment had been recognized. Such reversal is recognized in net income (loss).

(i) Employee benefits:

(i) Short-term employee benefits:

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3. Significant accounting policies (continued):

(ii) Stock based compensation awards:

Stock based compensation expense relates to stock options as well as cash and equity settled restricted share units ("RSUs"). The grant date fair values of stock option and equity settled RSUs granted are recognized as an expense, with a corresponding increase in contributed surplus in equity, over the vesting period.

The amount recognized as an expense is based on the estimate of the number of awards expected to vest, which is revised if subsequent information indicates that actual forfeitures are likely to differ from the estimate. Upon exercise of stock options, the consideration paid by the holder is included in share capital and the related contributed surplus associated with the stock options exercised is reclassed into share capital. Upon vesting of equity settled RSUs, the related contributed surplus associated with the RSU is reclassified into share capital.

For cash settled RSUs, the fair value of the RSUs is recognized as stock based compensation expense, with a corresponding increase in accrued liabilities over the vesting period. The amount recognized as an expense is based on the estimate of the number of RSUs expected to vest. Cash settled RSUs are measured at their fair value at each reporting period on a mark-to-market basis. Upon vesting of the cash settled RSUs, the liability is reduced by the cash payout.

(j) Revenue:

A portion of the Company's revenue is generated from contracts with its customers. Long term contracts, as well as short term contracts, are common in the contract drilling segment, whereas the Company's production services segment typically does not have long term contracts. In the production services segment, master service agreements may be signed with Western's customers, however there typically is no commitment for a specific term or number of service rig hours. Long term contracts are those contracts with an initial term greater than one year. Segmented disclosures are included in Note 5, disaggregating revenue by geographic area and by operating segment.

Similar to revenue on short term or spot market contracts, the Company satisfies its performance obligations related to its long term contracts as the Company provides its services on a per billable day or hourly basis. As days are worked on the customer's contract, the Company satisfies its performance obligation to the customer and recognizes revenue. The Company has elected to use the practical expedient under IFRS 15, paragraph B16, as the Company invoices its customers on a per day or per hour basis that directly corresponds with the value received by the customer. Revenue is therefore recognized on a per day or per hour basis, for both drilling and rig mobilization days. Should the customer terminate a long term drilling contract early, the Company may be entitled to shortfall commitment revenue on the contract. The Company recognizes shortfall commitment revenue when payment from the customer is certain. At the inception of a contract, an estimate for shortfall commitment revenue is not recognized, as the Company expects the customer to use its services for the full term of the contract. As a result, determining when to recognize shortfall commitment revenue requires judgment to ensure that revenue is recognized when the performance obligation has been satisfied and collectability assured.

(k) Lease assets and obligations:

Lease assets:

The Company has lease agreements for items including office space, vehicles, shops and office equipment which qualify as leased assets under IFRS 16, Leases.

At the inception of an arrangement, the Company determines whether such an arrangement is or contains a lease under IFRS 16. An agreement which results in the Company having the right to control the use of an asset over a period of time with set payments is considered a lease. Lease assets, or right of use assets, are capitalized at the date the lease commences and are comprised of the initial lease liability, less any lease incentives received. Depreciation is calculated based on the initial cost of the asset and recognized in net income (loss) on a straight line basis over the estimated useful life of the lease. The lease assets are included in property and equipment on the consolidated balance sheets and segregated in Note 8.

3. Significant accounting policies (continued):

Lease obligations:

IFRS 16 requires the Company to make judgments that affect the valuation of lease obligations and the corresponding lease assets, including whether a contract falls within the scope of IFRS 16, the term of the lease, and determining the interest rate used for discounting future cash flows. The lease obligations, and the corresponding lease assets, at inception of the agreement are measured at the present value of the fixed lease payments, discounted using the Company's incremental borrowing rate at the inception of the agreement.

Finance costs are allocated to each period during the lease term using the effective interest rate method. Lease modifications, where the scope increases in exchange for additional corresponding consideration, are accounted for as a separate lease. For a lease modification that is not a separate lease or where the increase in consideration is not correlated with a change in the scope of the lease, at the effective date of the lease modification, the Company will remeasure the lease liability using the Company's incremental borrowing rate, with a corresponding adjustment to the right of use asset. The lease term includes the non-cancellable period of the lease agreement and periods covered by any option to renew, where it is reasonably certain that the option will be exercised.

(l) Finance income and finance costs:

Finance income comprises interest income on cash and cash equivalent balances. Interest income is recognized as it accrues in net income (loss).

Finance costs comprise interest expense on borrowings and costs associated with securing debt instruments. Borrowing costs that are not directly attributable to the acquisition or construction of a qualifying asset are recognized in net income (loss) when incurred.

Warrants issued in conjunction with long term debt financings are included in deferred charges at their grant date fair value and amortized over the life of the warrant as a finance cost.

(m) Income tax:

Income tax expense is comprised of current and deferred income taxes. Income tax is recognized in net income (loss) and other comprehensive income (loss) except to the extent that it relates to items recognized in equity on the consolidated balance sheets.

Current income tax is calculated using tax rates which are enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. It establishes provisions on the basis of amounts expected to be paid to taxation authorities.

Deferred income taxes are recognized, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the respective entity's financial statements.

Deferred income taxes are determined using tax rates which are enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized to the extent it is probable that taxable profits will be available against which the deductible balances can be utilized. All deferred tax assets are analyzed at each reporting period and reduced to the extent that it is no longer probable that the asset will be recovered.

(n) Earnings per share:

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the Company's net income (loss) by the weighted average number of common shares outstanding during the reporting period. Diluted EPS is determined by adjusting the Company's net income and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares, which comprise equity settled RSUs and in-the-money stock options. Diluted EPS is calculated using the treasury stock method where the deemed proceeds from the exercise of stock options and the associated unrecognized stock based compensation expense are considered to be used to reacquire common shares at the average common share price for the reporting period. The average market value of Western's common shares for purposes of calculating the dilutive effect of stock options and warrants are based on quoted market prices for the period during which the options or warrants were outstanding in the reporting period.

(tabular amounts are in thousands of Canadian dollars, except common share and per common share amounts)

3. Significant accounting policies (continued):

(o) Operating segment reporting:

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other operating segments. All operating segments' results are reviewed regularly by the Company's President & Chief Executive Officer and Senior Vice President, Finance, Chief Financial Officer & Corporate Secretary ("Executive Management"), to make decisions about resources to be allocated to the operating segment and assess its performance.

Operating segment results that are reported to Executive Management include items directly attributable to an operating segment as well as those that can be allocated on a reasonable basis. The Company's operating segments are defined in Note 5.

(p) Government grants:

In response to the COVID-19 pandemic and emergency measures, such as lockdowns, governments established various programs to assist companies. Management determined that the Company qualified for certain programs and recognizes such government grants when there is reasonable assurance the grant will be received. Under IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance, the Company may recognize grant amounts as either other income or as a reduction of the expenses related to the grant.

Canada Emergency Wage Subsidy ("CEWS"):

For the year ended December 31, 2021, the Company has recorded $8.6 million (December 31, 2020: $8.2 million) related to the CEWS from the Government of Canada. The CEWS relates to operating and administrative expenses and recognized a reduction of these expenses as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Operating	$ 7,626	$ 6,628
Administrative	1,018	1,542
Total CEWS	$ 8,644	$ 8,170

Canada Emergency Rent Subsidy ("CERS"):

For the year ended December 31, 2021, the Company has recorded $0.8 million (December 31, 2020: $0.3 million) related to the CERS from the Government of Canada. The CERS relates to eligible expenses such as rent and operating costs for the Company's leased properties, some of which had been capitalized as assets under IFRS 16, Leases. The Company recognized a reduction of operating expenses and a reduction of depreciation expense related to IFRS 16 related assets as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Operating	$ 340	$ 130
Depreciation	378	224
Total CERS	$ 718	$ 354

Both the CEWS and CERS programs ended in October 2021.

US Paycheck Protection Plan ("PPP"):

At December 31, 2021 and 2020, the Company had US$1.8 million outstanding related to a PPP loan. Interest and principal is payable over the term of the loan, at a rate of 1% per annum, with the balance due at maturity on July 23, 2025, as described in Note 10.

3. Significant accounting policies (continued):

(q) New interpretations and amendments not yet adopted:

A number of interpretations are not yet effective for the year ended December 31, 2021 and have not been applied in preparing these Financial Statements. The Company does not expect these changes to have a significant impact on its financial statements.

4. Critical accounting estimates:

The preparation of the Financial Statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies (described in Note 3) and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In March 2020, the World Health Organization declared a global pandemic as a result of the COVID-19 outbreak, which led to demand destruction worldwide as countries implemented emergency measures such as lockdowns, to prevent the spread of the COVID-19 virus. The significant decrease in global demand for crude oil, coupled with an international price war in 2020, resulted in historical lows and increased volatility in crude oil prices in 2020. The current economic environment in 2021 has improved and while the ongoing pandemic continues to add market uncertainty, the economy has improved following the lifting of government restrictions and the rollout of COVID-19 vaccines around the globe with their resulting impact on the economy and international markets. The pandemic and volatility in global demand results in uncertainty for the Company which management took into consideration when applying judgments to estimates and assumptions in these Financial Statements. However, the current market conditions have increased the uncertainty specifically relating to, but not limited to, assumptions used in calculating the recoverable amounts of the Company's CGUs in its impairment assessment, as well as increased risk of non-payment of trade receivables is what management considers material.

A number of the Company's accounting policies and disclosures require key assumptions concerning the future and other estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities or disclosures within the next fiscal year. Where applicable, further information about the assumptions made is disclosed in the notes specific to that asset or liability. The critical accounting estimates and judgments set out below have been applied consistently to all periods presented in these Financial Statements.

(a) Impairment:

An evaluation of whether or not an asset is impaired involves consideration of whether indicators of impairment exist. Factors which could indicate impairment exists include: significant underperformance of an asset relative to historical or projected operating results, significant changes in the manner in which an asset is used or in the Company's overall business strategy, the carrying amount of the net assets of the entity being more than its market capitalization or significant negative industry or economic trends. In some cases, these events are clear. However, in many cases, a clearly identifiable event indicating possible impairment does not occur. Instead, a series of individually insignificant events occur over a period of time leading to an indication that an asset may be impaired. Events can occur in these situations that may not be known until a date subsequent to their occurrence. Management continually monitors the Company's operating segments, the markets, and the business environment, and makes judgments and assessments about conditions and events in order to conclude whether there are indications of impairment.

When there is an indicator of impairment, the recoverable amount of the asset is estimated to determine the amount of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The determination of CGUs is based on management judgment.

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4. Critical accounting estimates (continued):

The recoverable amount for property and equipment is the higher of fair value less costs to sell and value in use. In assessing fair value less costs to sell, the Company must estimate the price that would be received to sell the asset or CGU less any incremental costs directly attributable to the disposal. In assessing value in use, the estimated cash flows are discounted to their present value using an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Arriving at the estimated future cash flows involves significant judgments, estimates and assumptions, including those associated with the future cash flows of the CGU, determination of the CGU and discount rates.

If indicators conclude that the asset is no longer impaired or that its impairment has decreased, the Company will reverse impairments on assets only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Impairment losses on goodwill are not reversed. Similar to determining if an impairment exists, judgment is required in assessing if a reversal of an impairment is required.

(b) Property and equipment:

Property and equipment is depreciated over the estimated useful life of the asset to the asset's estimated residual value as determined by management. All estimates of useful lives and residual values are set out in Note 3 (f). Assessing the reasonableness of the estimated useful life, residual value and the appropriate depreciation methodology requires judgment and is based on management's experience and knowledge of the industry. Additionally, when determining to decommission an asset, future utilization and economic conditions are considered based on management's experience and knowledge of the industry and requires management's judgment.

(c) Income taxes:

Preparation of the Financial Statements involves determining an estimate of, or provision for, income taxes in each of the jurisdictions in which the Company operates. The process also involves making an estimate of taxes currently payable and taxes expected to be payable or recoverable in future periods, referred to as deferred taxes. Deferred taxes result from the effects of temporary differences due to items that are treated differently for tax and accounting purposes. The tax effects of these differences are reflected in the consolidated balance sheets as deferred tax assets and liabilities.

An assessment must also be made to determine the likelihood that the Company's future taxable income will be sufficient to permit the recovery of deferred income tax assets. To the extent that such recovery is not probable, recognized deferred tax assets must be reduced. Judgment is required in determining the provision for income taxes and recognition of deferred tax assets and liabilities. Management must also exercise judgment in its assessment of continually changing tax interpretations, regulations and legislation, to ensure deferred tax assets and liabilities are complete and fairly presented. The effects of differing assessments and applications could be material.

5. Operating segments:

The Company operates in the oilfield service industry through its contract drilling and production services segments in both Canada and the United States. Contract drilling includes drilling rigs along with related ancillary equipment and provides services to crude oil and natural gas exploration and production companies. Production services includes well servicing rigs and related equipment, as well as oilfield rental equipment and provides services to crude oil and natural gas exploration and production companies and in the case of oilfield rental equipment, to other oilfield service companies.

The Company's President & Chief Executive Officer and Senior Vice President, Finance, Chief Financial Officer & Corporate Secretary ("Executive Management") review internal management reports for these operating segments on at least a monthly basis.

Information regarding the results of the operating segments is included below. Performance is measured based on operating earnings (loss), as included in internal management reports. Operating earnings (loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain operating segments relative to other entities that operate within these industries. Operating earnings (loss) is calculated as revenue less operating expenses, administrative expenses, and depreciation.

5. Operating segments (continued):

The following is a summary of the Company's results by operating segment for the years ended December 31, 2021 and 2020:

Year ended December 31, 2021	Contract Drilling	Production Services	Corporate	Inter-segment Elimination	Total
Revenue	$ 76,778	$ 55,522	$ -	$ (622)	$ 131,678
Operating earnings (loss)	(17,864)	2,829	(3,942)	-	(18,977)
Finance costs	-	-	19,664	-	19,664
Depreciation	30,663	9,810	1,551	-	42,024
Additions to property and equipment	5,101	1,745	20	-	6,866

Year ended December 31, 2020	Contract Drilling	Production Services	Corporate	Inter-segment Elimination	Total
Revenue	$ 61,992	$ 42,066	$ -	$ (374)	$ 103,684
Operating loss	(21,086)	(1,613)	(5,291)	-	(27,990)
Finance costs	-	-	17,963	-	17,963
Impairment of property and equipment	9,500	2,000	-	-	11,500
Depreciation	34,908	11,468	1,892	-	48,268
Additions to property and equipment	2,038	702	48	-	2,788

Total assets and liabilities by operating segment are as follows:

As at December 31, 2021	Contract Drilling	Production Services	Corporate	Total
Total assets	$ 350,919	$ 94,441	$ 10,643	$ 456,003
Total liabilities	49,925	20,147	199,431	269,503

As at December 31, 2020	Contract Drilling	Production Services	Corporate	Total
Total assets	$ 372,247	$ 99,172	$ 24,206	$ 495,625
Total liabilities	51,595	18,350	203,207	273,152

A reconciliation of operating income (loss) to income (loss) before income taxes by operating segment is as follows:

Year ended December 31, 2021	Contract Drilling	Production Services	Corporate	Total
Operating earnings (loss)	$ (17,864)	$ 2,829	$ (3,942)	$ (18,977)
Deduct:				
Stock based compensation	(69)	(47)	(137)	(253)
Finance costs	-	-	(19,664)	(19,664)
Other items	-	-	(375)	(375)
Income (loss) before income taxes	$ (17,933)	$ 2,782	$ (24,118)	$ (39,269)

Year ended December 31, 2020	Contract Drilling	Production Services	Corporate	Total
Operating loss	$ (21,086)	$ (1,613)	$ (5,291)	$ (27,990)
Add (deduct):				
Stock based compensation	(121)	(106)	(222)	(449)
Finance costs	-	-	(17,963)	(17,963)
Other items	-	-	1,992	1,992
Impairment of property and equipment	(9,500)	(2,000)	-	(11,500)
Loss before income taxes	$ (30,707)	$ (3,719)	$ (21,484)	$ (55,910)

(tabular amounts are in thousands of Canadian dollars, except common share and per common share amounts)

5. Operating segments (continued):

Segmented information by geographic area is as follows:

As at December 31, 2021	Canada	United States	Total
Property and equipment	$ 329,550	$ 85,695	$ 415,245
Total assets	366,223	89,780	456,003

As at December 31, 2020	Canada	United States	Total
Property and equipment	$ 356,139	$ 95,901	$ 452,040
Total assets	395,118	100,507	495,625

	Canada	United States	Total
Revenue - year ended December 31, 2021	$ 123,215	$ 8,463	$ 131,678
Revenue - year ended December 31, 2020	89,412	14,272	103,684

Revenue from contracts:

For the year ended December 31, 2021, the Company's revenue from long term and short term contracts in the contract drilling segment totaled $2.5 million and $76.8 million respectively (year ended December 31, 2020: $15.6 million and $46.4 million, respectively).

For the years ended December 31, 2021 and 2020, the Company had no revenue from long term contracts in the production services segment.

Significant customers:

For the years ended December 31, 2021 and 2020, the Company had no customers comprising 10.0% or more of the Company's total revenue.

6. Trade and other receivables:

The Company's trade and other receivables as at December 31, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Trade receivables	$ 25,051	$ 15,134
Accrued trade receivables	2,377	2,001
Other receivables	745	2,389
Allowance for doubtful accounts	(1,709)	(1,278)
Total	$ 26,464	$ 18,246

The Company's exposure to credit risk related to trade and other receivables is disclosed in Note 18.

7. Other Assets:

The Company's other assets as at December 31, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Current:		
Prepaid expenses	$ 2,098	$ 2,327
Inventory	3,595	3,069
Deposits	407	355
Promissory note [(1)]	211	-
Deferred charges	100	177
Total current portion of other assets	6,411	5,928
Non current:		
Deferred charges	-	89
Promissory note - long term [(1)]	405	-
Total non current portion of other assets	405	89
Total other assets	$ 6,816	$ 6,017

[(1)] At December 31, 2021, the Company held a three year promissory note related to an asset sale of $US0.5 million (December 31, 2020: nil), payable in equal monthly payments until expiry on November 14, 2024.

8. Property and equipment:

The following table summarizes the Company's property and equipment as at December 31, 2021 and 2020:

	Land	Buildings	Contract drilling equipment	Production services equipment	Office and shop equipment	Finance lease assets	Total
Cost:							
Balance at December 31, 2019	$ 5,089	$ 4,396	$ 800,327	$ 204,268	$ 13,053	$ 14,257	$ 1,041,390
Additions	-	-	2,019	702	67	-	2,788
Lease additions	-	-	-	-	-	189	189
Disposals	-	-	(174)	(567)	(19)	(808)	(1,568)
Foreign exchange adjustment	-	-	(3,485)	(83)	(16)	(17)	(3,601)
Balance at December 31, 2020	5,089	4,396	798,687	204,320	13,085	13,621	1,039,198
Additions to property and equipment	-	-	5,099	1,604	163	-	6,866
Lease additions	-	-	-	-	-	1,791	1,791
Disposals	-	-	(2,855)	(6,194)	(525)	(2,379)	(11,953)
Foreign exchange adjustment	-	-	(733)	(48)	(10)	(14)	(805)
Balance at December 31, 2021	$ 5,089	$ 4,396	$ 800,198	$ 199,682	$ 12,713	$ 13,019	$ 1,035,097
Accumulated depreciation:							
Balance at December 31, 2019	$ -	$ 2,702	$ 406,678	$ 106,012	$ 10,486	$ 4,460	$ 530,338
Depreciation[(1)]	-	134	34,395	10,131	922	2,907	48,489
Impairment on property and equipment	-	-	9,500	2,000	-	-	11,500
Disposals	-	-	(142)	(497)	(19)	(547)	(1,205)
Foreign exchange adjustment	-	-	(1,875)	(46)	(17)	(26)	(1,964)
Balance at December 31, 2020	-	2,836	448,556	117,600	11,372	6,794	587,158
Depreciation[(1)]	-	134	30,321	9,258	721	1,968	42,402
Disposals	-	-	(2,834)	(3,804)	(516)	(2,262)	(9,416)
Foreign exchange adjustment	-	-	(256)	(20)	(9)	(7)	(292)
Balance at December 31, 2021	$ -	$ 2,970	$ 475,787	$ 123,034	$ 11,568	$ 6,493	$ 619,852
Carrying amounts:							
At December 31, 2020	$ 5,089	$ 1,560	$ 350,131	$ 86,720	$ 1,713	$ 6,827	$ 452,040
At December 31, 2021	$ 5,089	$ 1,426	$ 324,411	$ 76,648	$ 1,145	$ 6,526	$ 415,245

(1) Excludes a credit to depreciation expense of $0.4 million (December 31, 2020: $0.2 million) associated with the CERS as described in Note 3 (p).

(tabular amounts are in thousands of Canadian dollars, except common share and per common share amounts)

8. Property and equipment (continued):

Assets under construction:

Included in property and equipment at December 31, 2021 are assets under construction of $1.3 million (December 31, 2020: $0.6 million) which includes ancillary drilling and well servicing equipment.

Impairment Testing:

As at December 31, 2021, the Company reviewed for indicators of impairment since its last test which was performed on December 31, 2020. Based on this review as at December 31, 2021, it was determined that there were no additional indicators of impairment since the last test performed.

As at March 31, 2020, impairment indicators were identified related to the volatility of crude oil prices and uncertainty of demand as a result of the COVID-19 pandemic, as well as the carrying amount of the Company's net assets being greater than its market capitalization. As such, the Company performed an impairment analysis on each of its CGUs. These CGUs are based on contract drilling rigs, well servicing rigs and oilfield rental equipment within the Company's contract drilling and production services operating segments.

As at March 31, 2020, the recoverable amounts allocated to these CGUs were determined from a fair value less costs to sell cash flow projection based on historical results, recent industry conditions and the Company's most recent 2020 forecast. Cash flow projections for 2021 to 2024 assumed a gradual increase in activity, however remained below historical levels. Cash flow projections thereafter were calculated using a 2% inflationary growth rate. For the purposes of completing the impairment analysis on the contract drilling CGU, assumptions were made relating to average contract drilling utilization, which ranged from approximately 12% to 60% per year. For the purposes of completing the impairment analysis on the well servicing CGU, assumptions were made relating to average well servicing utilization, which ranged from approximately 19% to 55% per year.

Cash flow projections were based on the average remaining economic life of the CGUs ranging from 7 to 15 years. Salvage values were based on management's best estimate, ranged between 0% and 20%, and included costs of disposal of 2%.

The forecasted cash flows were based on management's best estimates of asset utilization, pricing for available equipment, costs to maintain that equipment and an after tax discount rate of 13.0% per annum.

As at March 31, 2020, the results of the tests performed indicated an impairment of property and equipment of $11.5 million, with $9.5 million and $2.0 million related to the contract drilling and oilfield rental equipment CGUs respectively. There was no impairment in the well servicing CGU.

The property and equipment impairments recorded in the first quarter of 2020, were due to the significant decrease in demand and volatile economic conditions associated with the COVID-19 pandemic and international price war, which resulted in significant reductions or cancellations to the capital spending plans for Western's customers, and a reduced outlook for oilfield service activity.

As at December 31, 2020, impairment indicators were identified related to the volatility of crude oil prices and uncertainty of demand as a result of the COVID-19 pandemic and the related vaccine rollout, as well as the carrying amount of the Company's net assets being greater than its market capitalization. As such, the Company performed an impairment analysis on each of its CGUs at December 31, 2020. The results of the tests indicated no further impairment of property and equipment related to the contract drilling, well servicing, or oilfield rental equipment CGU's at December 31, 2020.

9. Trade payables and other current liabilities:

Trade payables and current liabilities as at December 31, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Trade payables	$ 11,197	$ 8,948
Accrued trade payables and expenses	13,393	14,190
Total	$ 24,590	$ 23,138

The Company's exposure to foreign exchange and liquidity risk related to trade payables and other current liabilities is disclosed in Note 18.

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10. Long term debt:

This note provides information about the contractual terms of the Company's long term debt instruments.

	December 31, 2021	December 31, 2020
Current:		
Second Lien Facility	$ 2,150	$ 2,150
HSBC Facility	1,250	-
Lease obligations (1)	2,444	2,843
Revolving Facility	8,000	-
PPP Loan	608	227
Less: unamortized issue costs	(913)	(859)
Total current portion of long term debt	13,539	4,361
Non current:		
Second Lien Facility	209,112	207,475
HSBC Facility	11,250	12,500
Revolving Facility	-	11,000
PPP Loan	1,610	2,001
Lease obligations (1)	5,176	5,858
Less: unamortized issue costs	(264)	(1,201)
Total non current portion of long term debt	226,884	237,633
Total long term debt	$ 240,423	$ 241,994

(1) Lease obligations include leases capitalized under IFRS 16. During the year ended December 31, 2021, the Company expensed $0.2 million (year ended December 31, 2020: $0.1 million), related to leases of low value assets or leases with a term of less than one year.

Credit Facilities:

On December 31, 2020, the Company amended the terms and extended the maturity of the $50.0 million syndicated revolving credit facility (the "Revolving Facility") and the $10.0 million committed operating facility (the "Operating Facility" and together the "Credit Facilities") to July 1, 2022.

Advances under the Credit Facilities are limited by the Company's borrowing base. Under the amended Credit Facility, the borrowing base is determined as follows:

- 85% of investment grade accounts receivable; plus
- 75% of non-investment grade accounts receivable; plus
- The lessor of:
  - (i) 66 2/3% of the total Credit Facilities;
  - (ii) 25% of the net book value of property and equipment; or
  - (iii) 40% of appraised net orderly liquidation value of property and equipment; less
- All due and payable but unpaid statutory source deductions, unpaid wages, vacation pay and other compensation for services rendered, and any other claims ranking in priority.

(tabular amounts are in thousands of Canadian dollars, except common share and per common share amounts)

As at December 31, 2021, the Company was in compliance with its borrowing base requirement, as its $8.0 million Credit Facility draw was less than the maximum amount calculated under the borrowing base.

Amounts borrowed under the Credit Facilities bear interest at the bank's Canadian prime rate, or the banker's acceptance rate plus an applicable margin depending, in each case, on the ratio of Consolidated Debt to Consolidated EBITDA as defined by the Credit Facilities agreement. The Credit Facilities are secured by the assets of the Company and its subsidiaries. As at December 31, 2021, $8.0 million (December 31, 2020: $11.0 million) was drawn on the Credit Facilities.

10. Long term debt (continued):

In conjunction with the extension of the Credit Facilities, Western and its lenders agreed to make the following adjustments to its financial covenants:

- The Company obtained covenant relief for the third and fourth quarters of 2021 whereby:
    - o the consolidated senior debt to consolidated EBITDA covenant was waived;
    - o a minimum liquidity of $5.0 million was required;
    - o a maximum consolidated debt to consolidated capitalization covenant was increased to 0.65x from 0.60x;
    - o a maximum consolidated senior debt to consolidated capitalization ratio of 0.10 was added; and
- Annual capital expenditures for 2021 could not exceed $10.0 million.

The Company's Credit Facilities are subject to the following financial covenants at December 31, 2021:

	Covenant	December 31, 2021
Maximum Consolidated Senior Debt to Consolidated EBITDA Ratio (1)(2)	3.0:1.0 or less	Waived
Maximum Consolidated Debt to Consolidated Capitalization Ratio (3)(4)	0.65:1.0 or less	0.55:1.0
Maximum Consolidated Senior Debt to Consolidated Capitalization Ratio (1)(4)	0.10:1.0 or less	0.00:0.0
Minimum Current Ratio (5)	1.15:1.0 or more	2.01:1.0
Minimum Liquidity (6)	$5.0 million or more	$59.5 million

(1) Consolidated Senior Debt in the Credit Facilities is defined as indebtedness under the Credit Facilities and vehicle lease obligations; reduced by all cash and cash equivalents.

(2) Consolidated EBITDA in the Credit Facilities is defined on a trailing twelve month basis as consolidated net income (loss), plus interest, income taxes, depreciation and amortization and any other non-cash items or extraordinary or non-recurring losses, less gains on sale of property and equipment and any other non-cash items or extraordinary or non-recurring gains that are included in the calculation of consolidated net income.

(3) Consolidated Debt in the Credit Facilities is defined as Consolidated Senior Debt plus outstanding principal on unsecured debt, including the Second Lien Facility.

(4) Consolidated Capitalization in the Credit Facilities is defined as the aggregate of Consolidated Debt and total shareholders' equity as reported on the consolidated balance sheet.

(5) Current Ratio in the Credit Facilities is defined as the ratio of current assets to current liabilities as reported on the consolidated balance sheet, where current liabilities exclude accrued interest and the current portion of the Credit Facilities.

(6) Liquidity in the Credit Facilities is defined as the total capacity of the Credit Facilities less the outstanding balance on the Credit Facilities plus cash.

As at December 31, 2021, the Company was in compliance with all covenants related to its Credit Facilities.

(tabular amounts are in thousands of Canadian dollars, except common share and per common share amounts)

Subsequent to December 31, 2021, the Company amended its Credit Facilities, including the maturity date, the amount available under the Credit Facilities and certain financial covenants. Such amendments are described in Note 22.

Second Lien Facility:

At December 31, 2021, the Company had $211.3 million (December 31, 2020: $209.6 million) outstanding on the second lien secured term loan facility (the "Second Lien Facility"). Interest is payable semi-annually, at a rate of 7.25% per annum, on January 1 and July 1 each year or the next applicable business day. Amortization payments equal to 1% of the initial principal amount of $215.0 million are payable annually, in quarterly installments, with the balance due on January 31, 2023.

As previously announced on December 30, 2021, the Company deferred the interest payment on its Second Lien Facility originally due on January 2022 until February 28, 2022 which was further deferred to March 21, 2022. Subsequent to December 31, 2021, as described in Note 22, the Company entered into a debt restructuring agreement (the "Debt Restructuring Agreement") which will convert $100.0 million of principal owing to common shares, in conjunction with a rights offering which will repay an additional $10.0 million of principal owing.

10. Long term debt (continued):

HSBC Facility:

At December 31, 2021, the Company had a $12.5 million (December 31, 2020: $12.5 million) committed term non-revolving facility (the "HSBC Facility"). The HSBC Facility bears interest at a floating rate. Principal amounts are payable monthly beginning January 2022, with the balance due upon maturity on December 31, 2026.

PPP Loan:

At December 31, 2021, the Company had US$1.8 million (December 31, 2020: US$1.8 million) outstanding related to a PPP loan. Interest and principal is payable over the term of the loan, at a rate of 1% per annum, with the balance due at maturity on July 23, 2025. For the year ended December 31, 2021, the Company recognized nil (December 31, 2020: US$0.3 million) related to PPP loan forgiveness, as a reduction of operating expenses.

11. Share capital:

The Company is authorized to issue an unlimited number of common shares. The following table summarizes Western's common shares:

	Issued and outstanding shares		Amount
Balance at December 31, 2019	92,501,314	$	441,794
Issued on vesting of restricted share units	247,798		145
Shares purchased under normal course issuer bid	(1,584,000)		(478)
Balance at December 31, 2020	91,165,112		441,461
Issued on vesting of restricted share units	478,573		192
Issued for cash on exercise of stock options	62,772		14
Fair value of exercised stock options	-		5
Balance at December 31, 2021	91,706,457	$	441,672

There were no dividends declared during the years ended December 31, 2021 and 2020.

Subsequent to December 31, 2021, the Company announced that it entered into the Debt Restructuring Agreement, as described in Note 22. Under the Debt Restructuring Agreement the Company will convert $100.0 million of the principal amount outstanding under the Second Lien

(tabular amounts are in thousands of Canadian dollars, except common share and per common share amounts)

Facility into common shares. Additionally, as part of the Debt Restructuring Agreement, the Company will undertake a rights offering to its shareholders of $31.5 million.

12. Stock based compensation:

Stock options:

The Company's stock option plan provides for stock options to be issued to directors, officers, employees and consultants of the Company so that they may participate in the growth and development of Western. Subject to the specific provisions of the stock option plan, eligibility, vesting period, terms of the options and the number of options granted are to be determined by the Board of Directors at the time of grant. The stock option plan allows the Board of Directors to issue up to 10% of the Company's outstanding common shares as stock options, provided that, when combined, the maximum number of common shares reserved for issuance under all stock based compensation arrangements of the Company does not exceed 10% of the Company's outstanding common shares.

12. Stock based compensation (continued):

The following table summarizes the movements in the Company's outstanding stock options:

	Stock options outstanding	Weighted average exercise price
Balance at December 31, 2019	7,326,530	$ 1.84
Granted	2,484,600	0.26
Forfeited	(1,161,785)	1.62
Expired	(1,184,658)	5.16
Balance at December 31, 2020	7,464,687	0.82
Granted	43,620	0.47
Exercised	(62,772)	0.24
Forfeited	(847,321)	0.80
Expired	(673,783)	3.28
Balance at December 31, 2021	5,924,431	$ 0.55

For the years ended December 31, 2021 and 2020, no stock options were cancelled. The average fair value of the stock options granted in 2021 was $0.18 per stock option (2020: $0.10 per stock option).

The following table summarizes the details of the Company's outstanding stock options:

As at December 31, 2021 Exercise Price ($/share)	Number of options outstanding	Weighted average contractual life remaining (years)	Number of options exercisable
0.20-0.25	1,370,820	2.64	913,186
0.26-0.29	2,204,890	3.65	734,963
0.30-1.00	1,622,450	1.65	1,576,380
1.01-2.00	679,321	0.71	679,321
2.01-3.10	46,950	0.01	46,950
	5,924,431	2.50	3,950,800

(tabular amounts are in thousands of Canadian dollars, except common share and per common share amounts)

As at December 31, 2021, the Company had 3,950,800 (December 31, 2020: 3,302,108) exercisable stock options outstanding at a weighted average exercise price equal to $0.70 (December 31, 2020: $1.42) per stock option.

The accounting fair value of the Company's stock options as at the date of grant is calculated in accordance with a Black Scholes option pricing model using the following average inputs:

	Year ended December 31, 2021	Year ended December 31, 2020
Risk-free interest rate	0.2%	0.3%
Average forfeiture rate	12.6%	23.7%
Average expected life	2.0 years	2.0 years
Maximum life	5.0 years	5.0 years
Average vesting period	2.0 years	2.0 years
Expected share price volatility	72.2%	71.6%

Restricted share unit plan:

The Company's restricted share unit ("RSU") plan provides RSUs to be issued to directors, officers, employees and consultants of the Company so that they may participate in the growth and development of Western. Subject to the specific provisions of the RSU plan, eligibility, vesting period, terms of the RSUs and the number of RSUs granted are to be determined by the Board of Directors at the time of the grant. The RSU plan allows the Board of Directors to issue up to 5% of the Company's outstanding common shares as equity settled RSUs, provided that, when combined, the maximum number of common shares reserved for issuance under all stock based compensation arrangements of the Company does not exceed 10% of the Company's outstanding common shares.

12. Stock based compensation (continued):

The following table summarizes the movements in the Company's outstanding RSUs:

	Equity settled	Cash settled	Total
Balance at December 31, 2019	646,247	818,672	1,464,919
Granted	915,430	8,780	924,210
Vested	(247,797)	(459,419)	(707,216)
Forfeited	(69,721)	(104,351)	(174,072)
Balance at December 31, 2020	1,244,159	263,682	1,507,841
Granted	11,140	-	11,140
Vested	(478,572)	(138,003)	(616,575)
Forfeited	(168,193)	(69,410)	(237,603)
Balance at December 31, 2021	608,534	56,269	664,803

The estimated fair value of the equity settled RSUs granted during the year ended December 31, 2021 was less than $0.1 million (December 31, 2020: $0.2 million) and will be recognized as an expense over the vesting period of the RSUs.

The accounting fair value of the Company's equity settled RSUs as at the grant date is calculated in accordance with a Black Scholes option pricing model using the following average inputs:

(tabular amounts are in thousands of Canadian dollars, except common share and per common share amounts)

	Year ended December 31, 2021	Year ended December 31, 2020
Risk-free interest rate	0.3%	0.3%
Average forfeiture rate	7.5%	15.3%
Average expected life	2.0 years	2.0 years
Maximum life	3.0 years	3.0 years
Average vesting period	2.0 Years	2.0 Years
Expected share price volatility	72.9%	71.6%

Stock based compensation expense recognized in the consolidated statements of operations and comprehensive income (loss) is comprised of the following:

	Year ended December 31, 2021	Year ended December 31, 2020
Stock options	$ 154	$ 212
Restricted share units – equity settled grants	127	152
Total equity settled stock based compensation expense	281	364
Restricted share units – cash settled grants	(28)	85
Total stock based compensation expense	$ 253	$ 449

The outstanding liability related to cash settled RSUs at December 31, 2021 was less than $0.1 million (December 31, 2020: $0.1 million).

13. Earnings per share:

The weighted average number of common shares is calculated as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Issued common shares, beginning of period	91,165,112	92,501,314
Weighted average number of common shares issued (repurchased)	207,628	(1,247,793)
Weighted average number of common shares (basic)	91,372,740	91,253,521
Dilutive effect of equity securities	-	-
Weighted average number of common shares (diluted)	91,372,740	91,253,521

For the year ended December 31, 2021, 5,924,431 stock options (December 31, 2020: 7,464,687 stock options) and 608,534 equity settled RSUs (December 31, 2020: 1,244,159 equity settled RSUs) were excluded from the diluted weighted average number of common shares cancelations as their effect would have been anti-dilutive.

14. Finance costs:

Finance costs recognized in the consolidated statements of operations and comprehensive income (loss) are comprised of the following:

(tabular amounts are in thousands of Canadian dollars, except common share and per common share amounts)

	Year ended December 31, 2021	Year ended December 31, 2020
Interest expense on long term debt	$ 18,563	$ 16,752
Amortization of debt financing fees	196	348
Accretion expense on Second Lien Facility	859	867
Accretion expense on HSBC Facility	62	-
Interest income	(16)	(4)
Total finance costs	$ 19,664	$ 17,963

The Company had an effective interest rate of 7.8% on its borrowings for the year ended December 31, 2021 (December 31, 2020: 7.7%).

15. Other items:

Other items recognized in the consolidated statements of operations and comprehensive income (loss) are comprised of the following:

	Year ended December 31, 2021	Year ended December 31, 2020
Loss (gain) on sale of fixed assets	$ 387	$ (289)
Realized foreign exchange loss (gain)	43	(1,700)
Unrealized foreign exchange gain	(55)	(3)
Total other items	$ 375	$ (1,992)

16. Income taxes:

Income taxes recognized in the consolidated statements of operations and comprehensive income (loss) are comprised of the following:

	Year ended December 31, 2021	Year ended December 31, 2020
Current tax expense	$ 13	$ 4
Deferred tax recovery	(3,470)	(14,613)
Total income tax recovery	$ (3,457)	$ (14,609)

16. Income Taxes (continued):

The following provides a reconciliation of loss before income taxes to total income taxes recognized in the consolidated statements of operations and comprehensive income (loss):

(tabular amounts are in thousands of Canadian dollars, except common share and per common share amounts)

		Year ended December 31, 2021		Year ended December 31, 2020
Loss before income taxes	$	(39,269)	$	(55,910)
Federal and provincial statutory rates	24.1%	(9,464)	24.1%	(13,474)
Loss taxed at higher rates		(174)		(87)
Stock based compensation		64		83
Non controlling interest		(77)		10
Non-deductible expenses		87		(209)
Change in effective tax rate on temporary differences		(12)		(1,002)
Unrecognized tax asset		6,173		-
Return to provision adjustment		37		46
Other		(91)		24
Total income taxes	$	(3,457)	$	(14,609)

The following table details the nature of the Company's temporary differences:

	December 31, 2021	December 31, 2020
Property and equipment	$ (82,545)	$ (87,530)
Deferred charges and accruals	50	23
Long term debt	1,589	1,816
Share issue costs	-	85
Other tax pools	1,277	1,238
Tax loss carry forwards	81,312	76,348
Unrecognized tax asset	(6,173)	-
Net deferred tax liabilities	$ (4,490)	$ (8,020)

Movements of the Company's temporary differences for the year ended December 31, 2021 are as follows:

	Balance Dec 31, 2020	Recognized in net income (loss)	Impact of foreign exchange	Balance Dec 31, 2021
Property and equipment	$ (87,530)	$ 4,851	$ 134	$ (82,545)
Deferred charges and accruals	23	27	-	50
Long term debt	1,816	(227)	-	1,589
Share issue costs	85	(85)	-	-
Other tax pools	1,238	40	-	1,278
Tax loss carry forwards	76,348	5,024	(61)	81,311
Unrecognized tax asset	-	(6,173)	-	(6,173)
Net deferred tax liabilities	$ (8,020)	$ 3,457	$ 73	$ (4,490)

16. Income Taxes (continued):

Movements of the Company's temporary differences for the year ended December 31, 2020 are as follows:

		Balance Dec 31, 2019		Recognized in net income (loss)		Impact of foreign exchange		Balance Dec 31, 2020
Property and equipment	$	(96,441)	$	8,477	$	434	$	(87,530)
Deferred charges and accruals		(16)		39		-		23
Long term debt		2,503		(687)		-		1,816
Share issue costs		168		(83)		-		85
Other tax pools		1,172		72		(6)		1,238
Tax loss carry forwards		69,839		6,795		(286)		76,348
Net deferred tax liabilities	$	(22,775)	$	14,613	$	142	$	(8,020)

During the year ended December 31, 2021, the Company did not recognize a deferred tax asset of $6.2 million (December 31, 2020: nil), related to unrecognized loss carry forwards. Loss carry forwards are only recognized as deferred tax assets when it is probable that taxable profits will be available against which the deductible balance can be utilized. As at December 31, 2021, the Company had loss carry forwards in Canada equal to approximately $269.1 million (December 31, 2020: $250.9 million), of which $25.6 million is unrecognized (December 31, 2020: nil), which will expire between 2035 and 2041. In the United States, the Company has approximately US$50.6 million loss carry forwards (December 31, 2020: US$48.7 million), some of which expire between 2028 and 2037, and others that have an indefinite expiry.

17. Costs by nature:

The Company presents certain expenses in the consolidated statements of operations and comprehensive income (loss) by function. The following table presents significant expenses by nature:

		Year ended December 31, 2021		Year ended December 31, 2020
Employee salaries and benefits [1]	$	60,770	$	51,934
Repairs and maintenance		13,124		8,041
Third party charges		5,603		5,805

(1) For the year ended December 31, 2021, included the CEWS of $8.6 million (December 31, 2020: $8.2 million) as described in Note 3 (p).

18. Financial risk management:

Interest rate 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 interest rate changes and/or the Company's interest rate margin changes. For the Credit Facilities, a one percent change in interest rates would have had a $0.2 million impact on interest expense for the year ended December 31, 2021 (December 31, 2020: $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.

Foreign exchange risk:

The Company is exposed to foreign currency fluctuations in relation to its US dollar capital expenditures and international operations. From time to time, the Company may use forward foreign currency contracts to hedge against these fluctuations. At December 31, 2021, 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, 2021, 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 $0.1 million and $0.3 million, respectively (December 31, 2020: $0.1 million and $0.3 million, respectively).

(tabular amounts are in thousands of Canadian dollars, except common share and per common share amounts)

18. Financial risk management (continued):

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 crude oil and natural gas industry and are subject to normal industry credit risk. For the year ended December 31, 2021, the ongoing COVID-19 pandemic, government restrictions, continuing of the COVID-19 vaccine rollout, and the related volatility in global demand for crude oil, have had an impact on commodity prices which have an effect on the Company's customers. The Company's practice is to manage credit risk by performing a thorough analysis of the credit worthiness of new customers before credit terms are offered.

Additionally, the Company continuously evaluates individual customer trade receivables for collectability, taking into consideration payment history and the 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 uncollectible. The allowance for doubtful accounts could materially change as a result of 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 and other 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, 2021, the Company has collected 90% of its trade and other receivables that were outstanding at December 31, 2021.

At December 31, 2021, approximately 7% (1% net of allowance for doubtful accounts) of the Company's trade receivables were more than 90 days old. The Company believes the unimpaired amounts greater than 90 days old are still collectible based on historic payment behavior and an analysis of the underlying customers' ability to pay.

The table below provides an analysis of the Company's trade and other receivables as at December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
Trade receivables:		
Current	$ 13,584	$ 9,330
Outstanding for 31 to 60 days	7,533	4,512
Outstanding for 61 to 90 days	2,039	59
Outstanding for over 90 days	1,895	1,233
Accrued trade receivables	2,377	2,001
Other receivables	745	2,389
Allowance for doubtful accounts	(1,709)	(1,278)
Total	$ 26,464	$ 18,246

Impairment losses:

The allowance for doubtful accounts in respect of trade and other receivables is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered uncollectible and are written off against the financial asset directly. For the year ended December 31, 2021, the Company impaired $0.4 million in trade receivables (December 31, 2020: $1.3 million).

(tabular amounts are in thousands of Canadian dollars, except common share and per common share amounts)

18. Financial risk management (continued):

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, existing 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 oilfield 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 the Second Lien Facility.

The table below provides an analysis of the expected maturities of the Company's outstanding obligations at December 31, 2021:

	Total	Due prior to December 31				
	amount	2022	2023	2024	2025	2026	Thereafter
Financial liabilities:							
Second Lien Facility	$ 211,262	$ 2,150	$ 209,112	$ -	$ -	$ -	$ -
Second Lien Facility interest	7,695	7,695	-	-	-	-	-
Trade payables and other current liabilities	16,895	16,895	-	-	-	-	-
HSBC Facility	12,500	1,250	1,250	1,250	1,250	7,500	-
Lease obligations	7,620	2,444	2,417	2,038	480	241	-
Revolving Facility	8,000	8,000	-	-	-	-	-
PPP Loan	2,218	608	614	621	375	-	-
Total	$ 266,190	$ 39,042	$ 213,393	$ 3,909	$ 2,105	$ 7,741	$ -

As described in Note 22, subsequent to December 31, 2021, the Company entered into the Debt Restructuring Agreement which will impact the above maturities of the Company's outstanding obligations.

Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

The Company may use derivatives and also incur financial liabilities in order to manage market risks. All such transactions are carried out within the guidelines set by the Board of Directors. The Company does not apply hedge accounting in order to manage volatility within the statements of operations and comprehensive income (loss).

Capital management:

The overall capitalization of the Company at December 31, 2021 and December 31, 2020 is as follows:

	Note	December 31, 2021	December 31, 2020
Second Lien Facility	10	$ 211,262	$ 209,625
HSBC Facility	10	12,500	12,500
Revolving Facility	10	8,000	11,000
PPP Loan	10	2,218	2,228
Finance lease obligations	10	7,620	8,701
Total debt		241,600	244,054
Shareholders' equity		186,500	222,473
Less: cash and cash equivalents		(7,478)	(19,322)
Total capitalization		$ 420,622	$ 447,205

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18. Financial risk management (continued):

Management is focused on several objectives while managing the capital structure of the Company, specifically:

- Safeguarding the entity's ability to continue as a going concern, such that it continues to provide returns for shareholders and benefits for other stakeholders;
- Ensuring that investor, creditor and market confidence are secured;
- Maintaining balance sheet strength, ensuring the Company's strategic objectives are met, while retaining an appropriate amount of leverage; and
- Ensuring the Company has the financing capacity to continue to execute on opportunities to increase overall market share through strategic acquisitions or organic growth that add value for the Company's shareholders.

The Company manages its capital structure based on current economic conditions, the risk characteristics of the underlying assets, and planned capital requirements within guidelines approved by its Board of Directors. Total capitalization is maintained or adjusted by drawing on existing debt facilities, issuing new debt or equity securities when opportunities are identified and through the disposition of underperforming assets to reduce debt when required.

As at December 31, 2021, the Company had $52.0 million in undrawn credit under its Credit Facilities and was in compliance with all debt covenants (see Note 10). Subsequent to December 31, 2021, the Company agreed to make amendments to its Credit Facilities as described in Note 22.

19. Commitments:

As at December 31, 2021, the Company has commitments which require payments based on the maturity terms as follows:

	2022	2023	2024	2025	2026	Thereafter	Total
Second Lien Facility	$ 2,150	$ 209,112	$ -	$ -	$ -	$ -	$ 211,262
Second Lien Facility interest	15,381	7,611	-	-	-	-	22,992
Trade payables and other current liabilities [1]	16,895	-	-	-	-	-	16,895
HSBC Facility	1,250	1,250	1,250	1,250	7,500	-	12,500
HSBC Facility interest	771	688	610	527	447	-	3,043
Lease obligations [2]	2,941	2,723	2,257	635	357	-	8,913
Revolving Facility	8,000	-	-	-	-	-	8,000
Operating commitments [3]	2,943	745	744	60	-	-	4,492
PPP Loan	637	637	637	382	-	-	2,293
Total	$ 50,968	$ 222,766	$ 5,498	$ 2,854	$ 8,304	$ -	$ 290,390

(1) Trade payables and other current liabilities exclude interest accrued as at December 31, 2021 on the Second Lien Facility and HSBC Facility which is stated
(2) Lease obligations represent the gross lease commitments to be paid over the term of the Company's outstanding long term leases.
(3) Operating commitments include purchase commitments, short term operating leases, and operating expenses associated with long term leases.

Second Lien Facility and interest:

The Company pays interest on the Second Lien Facility semi-annually on January 1 and July 1. As previously announced on December 30, 2021, the Company has deferred its Second Lien Facility January 2022 interest payment until February 28, 2022. The Second Lien Facility is due January 31, 2023 and subsequent to December 31, 2021, the terms of the Second Lien Facility are to be amended as described in Note 22.

(tabular amounts are in thousands of Canadian dollars, except common share and per common share amounts)

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.

HSBC Facility and interest:

The Company pays interest and principal on the HSBC Lien Facility monthly, with principal payments beginning January 2022. The HSBC Facility is due December 31, 2026.

Lease obligations:

The Company has lease obligations relating to leased vehicles and facility leases.

20. Commitments (continued):

Revolving and Operating Facilities (the "Credit Facilities"):

The Company's Credit Facilities mature on July 1, 2022. The Company agreed to amend the Credit Facilities subsequent to December 31, 2021, as described previously.

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.

PPP Loan:

The Company pays interest and principal on the PPP loan over the term of the loan. The PPP loan is due July 23, 2025.

Subsequent to December 31, 2021, as described previously and described in Note 22, the Company entered into a Debt Restructuring Agreement which pursuant to which the principal amount owing on the Second Lien Facility will be reduced upon completion of the Debt Restructuring Transaction and various terms of the Second Lien Facility will be amended, including the maturity date. Additionally, the maturity date of the Credit Facilities will be extended to three years following the closing date of the Debt Exchange.

20. Key management personnel:

Key management personnel are comprised of the Company's Board of Directors and Executive Management. The following table summarizes expenses related to key management personnel:

	Year ended December 31, 2021	Year ended December 31, 2020
Short-term employee benefits	$ 1,683	$ 1,801
Stock based compensation (1)	126	138
	$ 1,809	$ 1,940

(1) The total fair value of stock options and RSUs granted to key management personnel for the year ended December 31, 2021 was nil as no stock options or RSU's were granted to key managment personnel in 2021 (December 31, 2020: $0.2 million).

21. Subsidiaries:

Details of the Company's material wholly owned subsidiaries and partnerships at the end of the reporting periods are as follows:

(tabular amounts are in thousands of Canadian dollars, except common share and per common share amounts)

		Ownership interest (%)	
	Country of incorporation	December 31, 2021	December 31, 2020
Stoneham Drilling Corporation	USA	100	100
Western Production Services Corp.	Canada	100	100

22. Subsequent events:

On March 22, 2022, Western announced it had entered into agreements to restructure a portion of its outstanding debt and raise new capital (the "Restructuring Transaction"). Pursuant to the Restructuring Transaction, Western entered into a Debt Restructuring Agreement with Alberta Investment Management Corporation ("AIMCo"), the lender under its Second Lien Facility. Under the Debt Restructuring Agreement, subject to the completion of the other components of the Restructuring Transaction and the satisfaction of certain other conditions, the Company will convert $100.0 million of the principal amount outstanding under the Second Lien Facility into common shares at a conversion price of $0.05 per share, subject to adjustment (the "Debt Exchange"). On completion of the Debt Exchange, the Second Lien Facility will be amended to, among other things, extend its maturity date from January 31, 2023 to the fourth anniversary of the closing date of the Debt Exchange.

Completion of the Debt Exchange is subject to a number of conditions, including the completion of the Rights Offering as described below, receipt of approval of the Debt Exchange and other components of the Restructuring Transaction by the TSX, there being no material adverse change to the Company, definitive amendments to the Second Lien Facility and Credit Facilities substantially on the terms specified in the Debt Restructuring Agreement and other customary closing conditions.

22. Subsequent events (continued):

In addition, as a condition to the completion of the Debt Exchange, the Company will conduct a rights offering of common shares to all of its shareholders to raise proceeds of $31.5 million (the "Rights Offering"). The subscription price for each right will be determined based on the market price of the common shares at the commencement of the Rights Offering and the Company's two largest shareholders have entered into a standby purchase agreement with the Company wherein they have agreed to subscribe for their basic subscription privilege in the Rights Offering and to acquire, directly or through an affiliate, any shares offered under the Rights Offering and not purchased by other shareholders.

Under the terms of the Debt Restructuring Agreement, the Company and AIMCo will enter into a registration rights agreement and an investor rights agreement, pursuant to which AIMCo will be provided distribution rights allowing AIMCo to sell its shares of Western in a public offering in the future, provided its shareholdings in the Company are 10% or greater and will be entitled to appoint two nominees for election as directors of the Company, provided its shareholdings in the Company are 30% or greater.

In connection with the Restructuring Transaction, Western and two of the lenders under its Credit Facilities agreed to make certain amendments to the Credit Facilities upon completion of the Restructuring Transaction, including extending the maturity to three years from closing, reducing the amount available under its Revolving Facility from $50.0 million to $35.0 million, with no changes to the $10.0 million Operating Facility, and amending its financial covenants. Revisions to certain financial covenants include:

(i) a reduction of the debt to capitalization ratio from 0.6:1.0 or less to 0.5:1.0 or less;

(ii) a new requirement for trailing twelve months EBITDA of $19.3 million in the first quarter of 2022 and $16.4 million in each of the second and third quarters of 2022 if the Credit Facilities are drawn above $25.0 million during such fiscal quarter or the net book value of property, plant and equipment drops below $250.0 million for the prior fiscal quarter;

(iii) a new debt service coverage ratio of 1.1x in the fourth quarter of 2022 and 1.15x thereafter if the Credit Facilities are drawn above $25.0 million during such fiscal quarter or the net book value of property, plant and equipment drops below $250.0 million for the prior fiscal quarter;

(iv) the removal of the current ratio, minimum liquidity requirement and senior debt to capitalization ratio; and

(v) the payment of interest on the Second Lien Facility from the use of the proceeds of the Credit Facilities will be allowed.

Exhibit 2.3

2021 Management's Discussion and Analysis **Date: March 24, 2022**

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, 2021 and 2020. This MD&A is dated March 24, 2022. 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)	2021	2020	Change	2021	2020	Change	2019
Revenue	41,363	27,679	49%	131,678	103,684	27%	196,408
Adjusted EBITDA[1]	8,950	5,610	60%	23,047	20,278	14%	24,238
Adjusted EBITDA as a percentage of revenue[1]	22%	20%	10%	18%	20%	(10%)	12%
Cash flow from operating activities	8,236	2,011	310%	16,631	27,723	(40%)	31,718
Additions to property and equipment	2,107	1,805	17%	6,866	2,788	146%	7,968
Net loss	(6,021)	(7,443)	(19%)	(35,812)	(41,301)	(13%)	(81,030)
-basic and diluted net loss per share	(0.07)	(0.08)	(13%)	(0.39)	(0.45)	(13%)	(0.88)
Weighted average number of shares							
-basic and diluted	91,699,989	91,165,112	1%	91,372,740	91,253,521	-	92,379,902
Outstanding common shares as at period end	91,706,457	91,165,112	1%	91,706,457	91,165,112	1%	92,501,314
Operating Highlights[2]							
Contract Drilling							
Canadian Operations							
Average active rig count	10.2	7.3	40%	8.6	5.6	54%	12.3
End of period rig count	49	49	-	49	49	-	49
Operating Days	940	675	39%	3,124	2,064	51%	4,012
Revenue per Operating Day	24,014	20,883	15%	21,931	23,417	(6%)	23,854
Drilling rig utilization	21%	15%	40%	18%	12%	50%	22%
CAOEC industry average utilization - Operating Days[3]	30%	16%	88%	25%	16%	56%	22%
United States Operations							
Average active rig count	1.1	0.5	120%	1.1	0.6	83%	4.4
End of period rig count	8	8	-	8	8	-	8
Operating Days	100	43	133%	387	201	93%	1,352
Revenue per Operating Day (US$)	20,092	16,273	23%	16,615	22,594 [4]	(26%)	24,150 [5]
Drilling rig utilization	14%	6%	133%	13%	7%	86%	47%
Production Services							
Canadian Operations							
Average active rig count	20.7	17.3	20%	18.4	14.6	26%	19.1
End of period rig count	63	63	-	63	63	-	63
Service Hours	19,046	15,924	20%	67,323	53,351	26%	69,882
Revenue per Service Hour	780	685	14%	735	693	6%	661
Service rig utilization	33%	27%	22%	29%	23%	26%	30%

(1) See "Non-IFRS Measures" on page 20 of this MD&A.
(2) See "Defined Terms" on page 20 of this MD&A.
(3) Source: The Canadian Association of Energy Contractors ("CAOEC") monthly Contractor Summary. The CAOEC industry average is based on Operating Days divided by total available drilling days.
(4) Excludes shortfall commitment revenue from take or pay contracts of US$5.0 million for the year ended December 31, 2020.
(5) Excludes shortfall commitment revenue from take or pay contracts of US$1.3 million for the year ended December 31, 2019.

Financial Position at (stated in thousands)	December 31, 2021	December 31, 2020	December 31, 2019
Working capital	2,224 (1)	15,997	7,031
Total assets	456,003	495,625	550,537
Long term debt	226,884	237,633	228,274

(1) As at December 31, 2021, working capital of $2.2 million includes the classification of the Company's $8.0 million draw on its credit facility as a current liability, as described on page 12 under Liquidity and Capital Resources.

Non-International Financial Reporting Standards ("Non-IFRS") measures and ratios, such as Adjusted EBITDA and Adjusted EBITDA as a percentage of revenue, are defined on page 20 of this MD&A. Abbreviations for standard industry terms are included on page 21 of this MD&A.

Business Overview

Western is an energy services company that provides contract drilling services and production services in Canada and the United States ("US") through its various divisions, subsidiaries, and first nations joint venture.

Contract Drilling

Western operates a fleet of 57 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]. Subsequent to December 31, 2021, Western deregistered 12 drilling rigs with the CAOEC, all of which can be reactivated at a later date.

Production Services

Production Services provides well servicing and oilfield equipment rentals primarily in Canada. Western operates 63 well servicing rigs and is the third largest well servicing company in Canada based on CAOEC registered well servicing rigs[2]. During the fourth quarter of 2021, the Company sold three well servicing rigs that operated in the United States.

Western's contract drilling and well servicing rig fleets comprise the following:

Year ended December 31									
Drilling rigs							Well servicing rigs		
	2021			2020				2021	2020
Rig class(1)	Canada	US	Total	Canada	US	Total	Mast type	Total	Total
Cardium	23	2	25	23	2	25	Single	30	33
Montney	19	-	19	19	-	19	Double	25	25
Duvernay	7	6	13	7	6	13	Slant	8	8
Total	49	8	57	49	8	57		63	66

(1)See "Defined Terms" on page 20 of this MD&A.

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, 2021 and 2020 and for the years ended December 31, 2021 and 2020.

	Three months ended December 31			Year ended December 31		
	2021	2020	Change	2021	2020	Change
Average crude oil and natural gas prices(1)(2)						
Crude Oil						
West Texas Intermediate (US$/bbl)	77.19	42.66	81%	67.91	39.40	72%
Western Canadian Select (CDN$/bbl)	78.71	43.42	81%	68.73	35.59	93%
Natural Gas						
30 day Spot AECO (CDN$/mcf)	4.92	2.74	80%	3.77	2.32	63%
Average foreign exchange rates(2)						
US dollar to Canadian dollar	1.26	1.30	(3%)	1.25	1.34	(7%)

(1)See "Abbreviations" on page 21 of this MD&A.
(2)Source: Sproule December 31, 2021 Price Forecast, Historical Prices.

[1] Source: CAOEC Contractor Summary as at March 24, 2022.

[2] Source: CAOEC Fleet List as at March 24, 2022.

West Texas Intermediate ("WTI") on average improved by 81% and 72% for the three months and year ended December 31, 2021 respectively, compared to the same periods in the prior year. Similarly, pricing on Western Canadian Select ("WCS") crude oil increased by 81% and 93% respectively, for the three months and year ended December 31, 2021, compared to the same periods in the prior year. Crude oil prices in 2020 for both Canada and the US were significantly impacted by the COVID-19 pandemic. However, in 2021 pricing improved as demand for crude oil recovered and vaccine rollouts continued worldwide. Natural gas prices in Canada also strengthened in 2021, as the 30-day spot AECO price improved by 80% and 63% respectively, for the three months and year ended December 31, 2021, compared to the same periods of the prior year. Offsetting this increase in pricing, the US dollar to the Canadian dollar foreign exchange rate weakened in the three months and year ended December 31, 2021, compared to the same periods of the prior year, which impacted the cash flows of Western's Canadian customers, when selling US dollar denominated commodities.

In the United States, industry activity improved in the fourth quarter of 2021. As reported by Baker Hughes Company[3], the number of active drilling rigs in the United States increased by approximately 67% to 586 rigs at December 31, 2021, as compared to 351 rigs at December 31, 2020. The number of active rigs in the Western Canadian Sedimentary Basin ("WCSB") totalled 73 active rigs at December 31, 2021, compared to 67 active rigs at December 31, 2020. The CAOEC[4] reported that for drilling in Canada, the total number of Operating Days in the WCSB increased by approximately 76% for the three months ended December 31, 2021, compared to the same period in the prior year. Similarly, for the year ended December 31, 2021, the total number of Operating Days in the WCSB increased by approximately 48%, compared to the prior year. There remains continued industry concerns over the prevailing customer preference to return cash to shareholders, or pay down debt, rather than grow production through the drill bit in Canada and the US.

Overall Performance and Results of Operations

Operational results for the three months ended December 31, 2021, include:

- Fourth quarter revenue increased by $13.7 million or 49%, to $41.4 million in 2021 as compared to $27.7 million in the fourth quarter of 2020. In the contract drilling segment, revenue totalled $25.1 million in the fourth quarter of 2021, an increase of $9.8 million or 64%, compared to $15.3 million in the fourth quarter of 2020. In the production services segment, revenue totalled $16.4 million for the three months ended December 31, 2021, as compared to $12.5 million in the same period of the prior year, an increase of $3.9 million or 31%. While the ongoing COVID-19 pandemic continued to impact the contract drilling and production services segments in the fourth quarter of 2021, demand improved compared to 2020 as described below:
  - Drilling rig utilization in Canada averaged 21% in the fourth quarter of 2021, compared to 15% in the fourth quarter of 2020. The increase in activity in the fourth quarter of 2021 was mainly attributable to the improved demand resulting from the ongoing COVID-19 vaccination rollouts and the lifting of government restrictions which re-opened the economy, compared to the fourth quarter of 2020 when the COVID-19 pandemic impacted demand across the industry. The CAOEC industry average utilization of 30%[5] for the fourth quarter of 2021 represented an increase of 1,400 basis points ("bps") compared to the CAOEC industry average of 16% in the fourth quarter of 2020. Western's market share, represented by the Company's Operating Days as a percentage of the CAOEC's total Operating Days in the WCSB, decreased to 7.1% for the fourth quarter of 2021, as compared to 9.0% in the same period of 2020, as a result of limited capital spent on rig upgrades during the economic downturn. Revenue per Operating Day averaged $24,014 in the fourth quarter of 2021, an increase of 15% compared to the same period of the prior year, mainly due to improved market rates, as well as the CAOEC wage increase in 2021;
  - In the United States, drilling rig utilization averaged 14% in the fourth quarter of 2021, compared to 6% in the fourth quarter of 2020, with Operating Days improving from 43 days in 2020 to 100 days in 2021. Revenue per Operating Day for the fourth quarter of 2021 was US$20,092, a 23% increase compared to US$16,273 in the same period of the prior year, mainly due to changes in average active rig mix and improved market conditions; and
  - In Canada, service rig utilization of 33% in the fourth quarter of 2021 was higher than 27% in the same period of the prior year, mainly due to improved market activity, as well as funding programs such as the Alberta Government's site rehabilitation program increasing demand for the Company's services. However, service rig utilization in the fourth quarter of 2021 was negatively impacted by field crew shortages across the industry. Revenue per Service Hour averaged $780 in the fourth quarter of 2021 and was 14% higher than the fourth quarter of 2020, as a result of improved market conditions, as well as increased labour and fuel charges being passed through to the customer. Higher utilization led to production services revenue totaling $16.4 million in the fourth quarter of 2021, an increase of $3.9 million or 31%, as compared to the same period in the prior year.

[3] Source: Baker Hughes Company, 2021 Rig Count monthly press releases.

[4] Source: CAOEC, monthly Contractor Summary.

[5] Source: CAOEC, monthly Contractor Summary.

- Administrative expenses decreased by $0.1 million or 2%, to $2.5 million in the fourth quarter of 2021, as compared to $2.6 million in the fourth quarter of 2020, mainly due to lower employee related costs, which was partially offset by reduced receipts related to the Canada Emergency Wage Subsidy ("CEWS") from the Government of Canada as the program ended October 2021.

- The Company incurred a net loss of $6.0 million in the fourth quarter of 2021 ($0.07 per basic common share) as compared to a net loss of $7.4 million in the same period in 2020 ($0.08 per basic common share). The change can mainly be attributed to a $1.8 million decrease in income tax recovery, a $1.0 million decrease in other items which mainly consisted of the sale of assets and a $0.3 million increase in finance costs, offset partially by a $3.4 million increase in Adjusted EBITDA, and a $1.0 million decrease in depreciation expense due to certain assets being fully depreciated in the period.

- Fourth quarter Adjusted EBITDA of $9.0 million in 2021 was 60% higher compared to $5.6 million in the fourth quarter of 2020. Adjusted EBITDA was higher due to improved activity in Canada and the US, offset partially by a decrease of $3.5 million in CEWS received, compared to the same period in 2020.

- Fourth quarter 2021 additions to property and equipment of $2.1 million compared to $1.8 million incurred in the fourth quarter of 2020 and consist of $0.1 million of expansion capital and $2.0 million of maintenance capital.

- As previously announced on December 30, 2021, the Company deferred the interest payment on its second lien secured term loan facility (the “Second Lien Facility”) originally due on January 4, 2022 until February 28, 2022 which was further deferred to March 21, 2022 and then paid “in kind” by being added to the outstanding principal amount.

- On March 22, 2022, Western announced that it had entered into agreements to restructure a portion of its outstanding debt and raise new capital (the “Restructuring Transaction”). Pursuant to the Restructuring Transaction, Western entered into a debt restructuring agreement (the "Debt Restructuring Agreement") with Alberta Investment Management Corporation ("AIMCo"), the lender under its second lien secured term loan (the “Second Lien Facility”). Under the Debt Restructuring Agreement, subject to the completion of the other components of the Restructuring Transaction and the satisfaction of certain other conditions, the Company will convert $100.0 million of the principal amount outstanding under the Second Lien Facility into common shares at a conversion price of $0.05 per share, subject to reduction in the event the offering price in the Rights Offering (defined below) is less than $0.016 per share (the “Debt Exchange”). On completion of the Debt Exchange, the Second Lien Facility will be amended to, among other things, extend its maturity date from January 31, 2023 to the fourth anniversary of the closing date of the Debt Exchange.

    - As a condition to the completion of the Debt Exchange, the Company will conduct a rights offering of common shares to all of its shareholders to raise proceeds of $31.5 million (the "Rights Offering"). The subscription price for each right will be $0.016 per share or a lower amount determined based on the market price of the common shares at the commencement of the Rights Offering. G2S2 Capital Inc. ("G2S2"), G2S2’s subsidiary Armco Alberta Inc. (“Armco”), Ronald P. Mathison and Matco Investments Ltd. ("Matco"), currently the Company's largest shareholders, have entered into a standby purchase agreement with the Company wherein they have agreed to exercise in full their basic subscription privilege in the Rights Offering and, in the case of each of Armco and Matco, subscribe for any shares not subscribed for by other shareholders under the Rights Offering. The proceeds of the Rights Offering will be applied to reduce the principal amount outstanding under the Second Lien Facility by $10.0 million, with the remaining $21.5 million being applied to repay the current draw on the Company’s senior secured credit facilities, fund maintenance and growth capital for the Company and for general corporate purposes.

    It is also a condition to completion of the Debt Exchange that the Company and AIMCo enter into a registration rights agreement pursuant to which AIMCo will be granted the right to cause the Company to file a prospectus to facilitate the sale of its common shares in a public offering, or to allow it to participate in a public offering of common shares by the Company, in each case subject to certain customary restrictions and limitations. The Registration Rights Agreement will terminate when AIMCo and its permitted transferees beneficially own, in the aggregate, less than 10% of the then outstanding common shares and further that the Company, AIMCo, G2S2, Armco, Matco and Mr. Mathison will enter into an investor rights agreement pursuant to which AIMCo will be granted the right to appoint two nominees for election as directors of the Company for so long as AIMCo's shareholding percentage of the Company's common shares is 30% or greater.

    In connection with the Restructuring Transaction, Western has entered into a commitment letter with two of the lenders under its senior secured credit agreement to make certain amendments to its senior secured credit facilities. Upon completion of the Restructuring Transaction, the principal amount of the Second Lien Facility is expected to be approximately $108.5 million and AIMCo is expected to hold approximately 49.7% of the outstanding common shares.

    Completion of the Restructuring Transaction is subject to various conditions, including completion of definitive amendments to the Second Lien Facility agreement and the senior secured credit facility substantially on the terms specified in the Debt Restructuring Agreement, approval of the Restructuring Transaction by the Toronto Stock Exchange and completion of the Rights Offering. Details of the Restructuring Transaction and proposed amendments to Western's senior credit facilities are contained in the press release filed under Western's SEDAR profile on www.sedar.com.

Operational results for the year ended December 31, 2021, include:

- Revenue for the year ended December 31, 2021, increased by $28.0 million or 27%, to $131.7 million as compared to $103.7 million for the year ended December 31, 2020. Contract drilling revenue totalled $76.8 million in 2021, an increase of $14.8 million or 24%, as compared to $62.0 million in 2020. Production services revenue totalled $55.5 million for the year ended December 31, 2021, as compared to $42.1 million in the same period of the prior year, an increase of $13.4 million or 32%. While the ongoing COVID-19 pandemic continues to have an impact on revenue in the contract drilling and production services segments, demand began to recover in 2021 as described below:

    - Drilling rig utilization in Canada averaged 18% for the year ended December 31, 2021, compared to 12% for the year ended December 31, 2020, a 600 bps increase. The increase in activity in 2021 was mainly attributable to the improved demand resulting from the ongoing COVID-19 vaccination rollouts and the lifting of government restrictions which re-opened the economy, compared to 2020 when the COVID-19 pandemic significantly impacted demand across the industry. The CAOEC industry average of 25%[6] for the year ended December 31, 2021, represented an increase of 900 bps compared to the CAOEC industry average of 16% for the prior year. Western's market share, represented by the Company's Operating Days as a percentage of the CAOEC's total Operating Days in the WCSB, was 7.1% for the year ended December 31, 2021, which was consistent with 7.0% in the prior year due to changes in average customer mix. Revenue per Operating Day decreased by 6% for the year ended December 31, 2021, as compared to the prior year, as current market rates weakened in the first part of 2021 but showed improvement in the fourth quarter of 2021;

  - In the United States, drilling rig utilization averaged 13% in 2021, compared to 7% in the prior year, reflecting a 93% increase in Operating Days. Revenue per Operating Day for the year ended December 31, 2021, decreased by 26% to average US$16,615, as compared to US$22,594 in the prior year, due to changes in average active rig mix as there were no Operating Days worked on long term contracts in 2021 compared to 2020 when one rig was under contract; and

  - In Canada, service rig utilization of 29% for the year ended December 31, 2021 was higher than the prior year due to improved industry demand as a result of improved commodity prices, however was impacted by field crew shortages in the last half of 2021. Service Hours improved year over year, and 2021 had a higher proportion of abandonment work than 2020, due to previously announced government incentives. Revenue per Service Hour averaged $735 for the year ended December 31, 2021 and was 6% higher than the same period of 2020. Improved utilization led to production services revenue totaling $55.5 million for the year ended December 31, 2021, an increase of $13.4 million or 32%, as compared to the prior year.

- Administrative expenses increased by $0.2 million or 2%, to $10.7 million for the year ended December 31, 2021, as compared to $10.5 million in the prior year, mainly due to a decrease in the CEWS received related to administrative expenses in 2021, as a result of the CEWS program ending in October 2021 and the CEWS rates decreasing as the program ended.

- The Company incurred a net loss of $35.8 million for the year ended December 31, 2021 ($0.39 per basic common share) as compared to a net loss of $41.3 million in the prior year ($0.45 per basic common share). The change is mainly attributable to an asset impairment of $11.5 million in 2020, a $6.3 million decrease in depreciation expense in 2021 due to certain assets being fully depreciated in the period, and a $2.7 million increase in Adjusted EBITDA, which were offset partially by an $11.1 million decrease in income tax recovery, a $2.4 million decrease in other items and a $1.7 million increase in finance costs.

- Adjusted EBITDA for the year ended December 31, 2021 was $2.7 million higher than the prior year and totalled $23.0 million, compared to $20.3 million in 2020. Adjusted EBITDA in 2021 was higher due to improved activity in both Canada and the US and an increase in the CEWS of $0.4 million due to 2021 including 11 months of CEWS compared to only 8 months in 2020, which was partially offset by US$5.0 million of shortfall commitment revenue received in 2020 with none in 2021.

- Year to date additions to property and equipment in 2021 of $6.9 million compared to $2.8 million incurred in the same period of 2020, consisting of $1.1 million of expansion capital and $5.8 million of maintenance capital.

[6] Source: CAOEC, monthly Contractor Summary.

Outlook

In 2021, crude oil prices recovered after reaching historical lows in 2020 due to the demand destruction caused by the COVID-19 pandemic. However, heightened uncertainty persists concerning the impact of global COVID-19 variants on possible future government restrictions, which have an impact on demand in the near term. The precise duration and extent of the adverse impacts of the current macroeconomic environment and the COVID-19 pandemic on Western's customers, operations, business and global economic activity remains highly uncertain at this time. Additionally, the January 2021 executive order by the President of the United States cancelling the permit that had allowed construction of the Keystone XL pipeline, the uncertain timing of completion of construction on the Trans Mountain pipeline expansion and the threatened shutdown of Enbridge Line 5, have all resulted in continued uncertainty regarding takeaway capacity. However, activity levels in 2022 are expected to be higher than 2021 levels as a result of increased capital spending by Western's customers. Controlling fixed costs, maintaining balance sheet strength and flexibility and managing through a post-pandemic market are priorities for the Company, as prices and demand for Western's services continue to improve.

Due to increased activity levels in 2021 as a result of the successful COVID-19 vaccine rollout, lifting of government restrictions, and limited maintenance capital spending on the rig fleet in prior years, Western's capital budget for the first quarter of 2022 is expected to total approximately $8.1 million. The budgeted capital is expected to be comprised of $3.5 million of maintenance capital and $4.6 million of expansion capital, with $6.5 million allocated to the contract drilling segment and $1.6 million allocated to the production services segment. The Company's Board of Directors plans to review and evaluate the Company's 2022 capital budget for the remainder of the year and revise as necessary depending on market conditions. Western will continue to manage its costs in a disciplined manner and make required adjustments to its capital program as customer demand changes. Currently, 10 of Western's drilling rigs and 26 of Western's well servicing rigs are operating.

As at December 31, 2021, Western had $8.0 million drawn on its $60.0 million Credit Facilities. As described previously, subsequent to December 31, 2021, the Company agreed to amend the terms of its Credit Facilities, including extending the maturity date and amending its financial covenants. Western had drawn $12.5 million on its HSBC Bank Canada six-year committed term non-revolving facility with the participation of Business Development Canada (the "HSBC Facility"), which matures on December 31, 2026. Western currently has $218.5 million outstanding on its Second Lien Facility. As previously announced on March 22, 2022 and described on page 4, the Company has entered into a Debt Restructuring Agreement with AIMCo, pursuant to which the maturity date of the Second Lien Facility will be extended upon completion of the Debt Restructuring Transaction. The Debt Restructuring Transaction will result in the repayment of $100.0 million of Second Lien Facility principal which will reduce the Company's finance costs on a go forward basis. Additionally, the $31.5 million proceeds from the Rights Offering will be used to repay $10.0 million of principal on the Second Lien Facility, the current draw on the Company's Credit Facilities and invest the remainder in capital upgrades on its drilling rig fleet.

Oilfield service activity in Canada will be affected by the continued development of resource plays in Alberta and northeast British Columbia which will be impacted by continued pipeline construction, environmental regulations, and the level of investment in Canada. In the short term, the largest challenges facing the oilfield service industry are a lack of qualified field personnel and ongoing liquidity concerns, due to the prevailing customer preference to return cash to shareholders through share buybacks, increased dividends or repayment of debt, rather than grow production. In the medium term, Western's rig fleet is well positioned to benefit from the LNG Canada liquefied natural gas project now under construction in British Columbia. It remains Western's view that its modern drilling and well servicing rig fleets, reputation, and disciplined cash management provides Western with a competitive advantage.

Review of the Year Ended December 31, 2021 Results

Segmented Information

Contract Drilling Financial Highlights (stated in thousands)	Three months ended December 31 2021	 2020	 Change	Year ended December 31 2021	 2020	 Change
Revenue	25,079	15,265	64%	76,778	61,992	24%
Expenses						
Operating	18,033	11,503	57%	58,883	43,782	34%
Administrative	1,500	617	143%	5,096	4,388	16%
Adjusted EBITDA(1)	5,546	3,145	76%	12,799	13,822	(7%)
Adjusted EBITDA as a percentage of revenue	22%	21%	5%	17%	22%	(23%)
Depreciation	7,483	8,179	(9%)	30,663	34,908	(12%)
Operating loss	(1,937)	(5,034)	(62%)	(17,864)	(21,086)	(15%)
Stock based compensation	7	48	(85%)	69	121	(43%)
Loss before income taxes and impairment	(1,944)	(5,082)	(62%)	(17,933)	(21,207)	(15%)

(1) See "Non-IFRS Measures" on page 20 of this MD&A.

For the year ended December 31, 2021, contract drilling revenue totalled $76.8 million, a $14.8 million, or 24%, increase as compared to the prior year. Revenue for the year ended December 31, 2021, was higher due to improved demand compared to the prior year, offset partially by lower day rates due to decreased spot market prices and US$5.0 million shortfall commitment revenue recognized in 2020.

Administrative expenses for 2021 totalled $5.1 million and were 16% higher than the prior year due to lower amounts related to administrative expenses received from the CEWS in the year as the program ended in October 2021.

For the year ended December 31, 2021, contract drilling incurred a loss before income taxes of $17.9 million, compared to a loss before income taxes of $21.2 million in the prior year. The change for the year ended December 31, 2021 can be attributed to a $1.0 million decrease in Adjusted EBITDA as a result of the shortfall commitment revenue of US$5.0 million in 2020, which was partially offset by a $4.2 million decrease in depreciation expense.

Contract drilling Adjusted EBITDA of $12.8 million in 2021 was $1.0 million lower than $13.8 million in 2020, mainly due to the shortfall commitment revenue received in 2020, which was offset partially by improved activity in 2021.

Depreciation expense in 2021 totalled $30.7 million and reflects a decrease of $4.2 million over the prior year, mainly due to assets being fully depreciated in the year.

Canadian Operations

The price for Canadian crude oil increased during 2021 and while demand for the Company's services has improved, the ongoing COVID-19 pandemic continues to have an adverse impact on the industry. Operating Days for the year ended December 31, 2021 increased by 51% from 2,064 Operating Days in 2020 to 3,124 in 2021, resulting in drilling rig utilization in Canada of 18% compared to 12% in the prior year. Higher utilization in 2021 was due to higher commodity prices resulting from the ongoing COVID-19 vaccination rollouts and the lifting of government restrictions which assisted with the economic recovery.

Drilling rig utilization in Canada of 18% in 2021 reflects a 700 bps discount to the CAOEC industry average of 25%[7], as compared to a 400 bps discount to the CAOEC industry average in 2020. Western's market share of 7.1% in 2021, represented by the Company's Operating Days as a percentage of the CAOEC's total Operating Days in the WCSB is consistent with the Company's market share of 7.0% in 2020.

For the year ended December 31, 2021, Revenue per Operating Day decreased by 6% and averaged $21,931 compared to $23,417 in the same period of the prior year, mainly due to lower spot market rates in the first part of 2021 as the market improved in the fourth quarter of 2021.

United States Operations

WTI prices in 2021 improved from 2020, from an average of US$39.40/bbl in 2020 to US$67.91/bbl in 2021, resulting in improved activity in the United States. This resulted in Western's 2021 Operating Days in the United States increasing by 93% to 387 days compared to 201 days in the prior year, which resulted in drilling rig utilization of 13% in 2021 compared to 7% in 2020.

[7] Source: CAOEC, monthly Contractor Summary.

For the year ended December 31, 2021, Revenue per Operating Day decreased by 26% as compared to the prior year, from US$22,594 in 2020 to US$16,615 in 2021, due to lower spot market rates and changes in average active rig mix.

Production Services						
Financial Highlights	**Three months ended December 31**			**Year ended December 31**		
(stated in thousands)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Revenue	16,414	12,543	31%	55,522	42,066	32%
Expenses						
Operating	11,987	8,108	48%	39,689	29,471	35%
Administrative	869	652	33%	3,194	2,740	17%
Adjusted EBITDA[1]	3,558	3,783	(6%)	12,639	9,855	28%
Adjusted EBITDA as a percentage of revenue	22%	30%	(27%)	23%	23%	-
Depreciation	2,379	2,717	(12%)	9,810	11,468	(14%)
Operating earnings (loss)	1,179	1,066	11%	2,829	(1,613)	275%
Stock based compensation	7	33	(79%)	47	106	(56%)
Income (loss) before income taxes and impairment	1,172	1,033	13%	2,782	(1,719)	262%

(1) See "Non-IFRS Measures" on page 20 of this MD&A.

For the year ended December 31, 2021, production services revenue increased by $13.4 million or 32%, to $55.5 million, compared to $42.1 million in 2020. The increase in production services revenue is due to government programs incentivizing abandonments and higher commodity prices which led to increased demand for well reactivation and production work as several customers had shut in wells due to the COVID-19 pandemic in 2020.

Service Hours increased by 26% to 67,323 hours (29% utilization) in 2021, compared to 53,351 hours (23% utilization) in 2020. The improvement in Service Hours in 2021 is due to the higher demand as mentioned previously, however utilization was constrained by the lack of qualified field personnel. Revenue per Service Hour of $735 for the year ended December 31, 2021, was 6% higher than the prior year due improved market conditions, as well as higher fuel and wage costs passed through to the customer.

For the year ended December 31, 2021, administrative expenses totalled $3.2 million and were 17% higher than the prior year of $2.7 million due to higher employee related costs resulting from lower CEWS amounts received, as the government program ended in October 2021.

For the year ended December 31, 2021, production services earned income before income taxes of $2.8 million, compared to a loss before income taxes of $1.7 million in the prior year, mainly due to a $2.7 million increase in Adjusted EBITDA in 2021, and a $1.6 million decrease in depreciation expense.

Adjusted EBITDA increased for the year ended December 31, 2021 by $2.7 million to $12.6 million, compared to $9.9 million in the prior year. The higher Adjusted EBITDA for 2021 was due to continued marketing efforts by management to increase market share and a focus on cost management.

Depreciation expense for 2021 was lower by 14% than the prior year mainly due to assets that were fully depreciated in the year.

Corporate

(stated in thousands)	Three months ended December 31 2021	2020	Change	Year ended December 31 2021	2020	Change
Expenses						
Administrative	154	1,318	(88%)	2,391	3,399	(30%)
Depreciation	401	418	(4%)	1,551	1,892	(18%)
Operating loss	(555)	(1,736)	(68%)	(3,942)	(5,291)	(25%)
Stock based compensation	20	49	(59%)	137	222	(38%)
Finance costs	4,720	4,381	8%	19,664	17,963	9%
Other items	992	56	1,671%	375	(1,992)	(119%)
Income tax recovery	(1,038)	(2,828)	(63%)	(3,457)	(14,609)	(76%)

Corporate administrative expenses for the year ended December 31, 2021 totalled $2.4 million and were $1.0 million lower than the prior year mainly due to lower employee related costs.

Finance costs in 2021 of $19.7 million were $1.7 million higher than 2020 and represented an effective interest rate of 7.8%, compared to 7.7% in the prior year. The higher effective interest rate for the year ended December 31, 2021, is due to incremental interest associated with the July 2021 payment in kind ("PIK") of interest on the Company's Second Lien Facility as described in the Liquidity and Capital Resources section on page 12.

Other items, which relate to foreign exchange gains and losses and the sale of assets, totalled $0.4 million for 2021 compared to $2.0 million in 2020. The year ended December 31, 2020 included foreign exchange gains realized on the sale of US denominated dollars.

For the year ended December 31, 2021, the consolidated income tax recovery totalled $3.5 million, representing an effective tax rate of 8.8%, as compared to an effective tax rate of 26.1% in 2020. The change in the effective tax rate for the year ended December 31, 2021, is due to unrecognized deferred tax assets of $6.2 million.

Review of Fourth Quarter 2021 Results

Selected Financial Information

Financial Highlights	**Three months ended December 31**		
(stated in thousands, except share and per share amounts)	**2021**	**2020**	**Change**
Revenue	41,363	27,679	49%
Adjusted EBITDA[1]	8,950	5,610	60%
Adjusted EBITDA as a percentage of revenue	22%	20%	10%
Cash flow from operating activities	8,236	2,011	310%
Additions to property and equipment	2,107	1,805	17%
Net loss	(6,021)	(7,443)	(19%)
-basic and diluted net loss per share	(0.07)	(0.08)	(13%)
Weighted average number of shares			
-basic and diluted	91,699,989	91,165,112	1%
Outstanding common shares as at period end	91,706,457	91,165,112	1%
Operating Highlights			
Contract Drilling			
Canadian Operations			
Contract drilling rig fleet:			
Average active rig count[2]	10.2	7.3	40%
End of period	49	49	-
Operating Days[2]	940	675	39%
Revenue per Operating Day[2]	24,014	20,883	15%
Drilling rig utilization[2]	21%	15%	40%
CAOEC industry average utilization rate[3]	30%	16%	88%
United States Operations			
Contract drilling rig fleet:			
Average active rig count[2]	1.1	0.5	120%
End of period	8	8	-
Operating Days[2]	100	43	133%
Revenue per Operating Day (US$)[2]	20,092	16,273	23%
Drilling rig utilization[2]	14%	6%	133%
Production Services			
Canadian Operations			
Canadian well servicing rig fleet:			
Average active rig count[2]	20.7	17.3	20%
End of period	63	63	-
Service Hours[2]	19,046	15,924	20%
Revenue per Service Hour[2]	780	685	14%
Service rig utilization[2]	33%	27%	22%

(1) See "Non-IFRS Measures" on page 20 of this MD&A.
(2) See "Defined Terms" on page 20 of this MD&A.
(3) Source: CAOEC monthly Contractor Summary. The CAOEC industry average is based on Operating Days divided by total available drilling days.

Review of Fourth Quarter 2021 Results

Consolidated

Fourth quarter 2021 revenue increased by $13.7 million or 49%, to $41.4 million as compared to $27.7 million in the same period of the prior year. The increase in consolidated revenue is mainly a result of higher activity across all operating segments compared to 2020 which was impacted by demand destruction caused by the COVID-19 pandemic. Adjusted EBITDA of $9.0 million was $3.4 million higher than the fourth quarter of 2020, as a result of higher activity across all operating segments, even though the Company received $3.5 million less in the CEWS in the fourth quarter of 2021, compared to the same period in 2020.

Contract Drilling

During the fourth quarter of 2021, revenue in the contract drilling segment totalled $25.1 million, a $9.8 million increase or 64%, as compared to the same period of the prior year. Revenue in the fourth quarter of 2021 improved due to higher industry activity in Canada and the United States as commodity prices improved compared to the fourth quarter of 2020 when the industry was more significantly impacted by the COVID-19 pandemic. Pricing in both Canada and the United States increased in the fourth quarter of 2021, increasing by 15% and 23% respectively, due to improved current market rates as a result of the increased demand for the Company's services.

For the three months ended December 31, 2021, administrative expenses totalled $1.5 million and were higher than $0.6 million in the same period of the prior year, mainly due to higher employee costs as a result of reduced receipts related to the CEWS from the Government of Canada as the program ended in the fourth quarter of 2021.

Contract drilling incurred a loss before income taxes of $1.9 million in the fourth quarter of 2021, compared to a loss before income taxes of $5.1 million in the same period of the prior year. The change can be attributed to a $2.4 million increase in Adjusted EBITDA as a result of improved demand and a $0.7 million decrease in depreciation expense.

Adjusted EBITDA in the contract drilling segment for the three months ended December 31, 2021 increased by $2.4 million to $5.5 million, as compared to $3.1 million for the same period in the prior year. The increase for the fourth quarter of 2021 is mainly due to higher demand in Canada and the United States as a result of improved commodity prices.

Depreciation expense for the quarter ended December 31, 2021 totalled $7.5 million and reflects a decrease of $0.7 million over the same period of the prior year, mainly due to assets that were fully depreciated in the period.

Canadian Operations

In the fourth quarter of 2021, activity in the WCSB improved compared to the same period of the prior year, due to higher commodity prices which increased the demand for crude oil, as COVID-19 vaccine rollouts continued worldwide. As a result, during the three months ended December 31, 2021, Operating Days increased by 39% from 675 to 940 Operating Days and Drilling Rig Utilization in Canada improved to 21% as compared to 15% in the same period of the prior year.

Drilling Rig Utilization in Canada of 21% in the fourth quarter of 2021 reflects a 900 bps discount to the CAOEC average of 30%[8], as compared to a 100 bps discount to the CAOEC average of 16% in the fourth quarter of 2020. Western's market share, represented by the Company's Operating Days as a percentage of the CAOEC's total Operating Days in the WCSB, of 7.1% for the fourth quarter of 2021 was consistent with 7.0% in the same period of the prior year.

Revenue per operating day for the quarter ended December 31, 2021 increased by 15% to average $24,014, compared to $20,883 in the same period of the prior year, due to current market rates improving, which was partly due to the October 2021 CAOEC wage increase which is passed through to the customer.

United States Operations

Improved WTI prices positively impacted industry activity in the United States which resulted in Western's Operating Days for the fourth quarter of 2021 increasing by 57 days or 133%, from 43 to 100 Operating Days, which resulted in Drilling Rig Utilization of 14%, compared to 6% in the same period of the prior year.

Revenue per Operating Day increased in the three months ended December 31, 2021 by 23% to an average of US$20,092, as compared to an average of US$16,273 in the same period of the prior year. Revenue per Operating Day for the fourth quarter of 2021 increased due to changes in average active rig mix, as rigs working in different geographic areas have different day rates, and improved market conditions.

Production Services

Revenue in the production services segment for the quarter ended December 31, 2021, increased by $3.9 million or 31%, to $16.4 million, compared to $12.5 million in the same period of the prior year. Improved commodity prices and government programs that incentivized abandonments, resulted in higher industry activity and Eagle's Service Hours increased by 20% to 19,046 hours (33% utilization) in the fourth quarter of 2021, as compared to 15,924 hours (27% utilization) in the same period of the prior year. However, utilization was constrained by a lack of qualified field personnel in the fourth quarter of 2021. Revenue per Service Hour improved by 14% to average $780 for the three months ended December 31, 2021, as compared to the same period in the prior year, as a result of improved market conditions, as well as increased labour and fuel charges being passed through to the customer.

[8] Source: CAOEC, monthly Contractor Summary.

During the three months ended December 31, 2021, administrative expenses totalled $0.9 million and were $0.2 million or 33% lower than the same period in the prior year, mainly due to reduced receipts related to the CEWS as the government program ended in October 2021.

Production services incurred income before income taxes of $1.2 million in the fourth quarter of 2021, compared to income before income taxes of $1.0 million in the same period of 2020. The change can be attributed to a $0.2 million decrease in Adjusted EBITDA, which was offset by a $0.3 million decrease in depreciation expense.

Adjusted EBITDA decreased in the fourth quarter of 2021 by $0.2 million to $3.6 million, compared to $3.8 million in the fourth quarter of 2020, resulting from a $1.6 million decrease in the CEWS for the period, compared to the fourth quarter of 2020, which was offset partially by improved production services activity.

Depreciation expense for the three months ended December 31, 2021 was 12% lower than the same period of the prior year, mainly due to assets that were fully depreciated in the period.

During the fourth quarter of 2021, the Company sold three well servicing rigs that operated in the United States for total proceeds of US$1.0 million.

Corporate

Corporate administrative expenses for the three months ended December 31, 2021 decreased by $1.1 million to total $0.2 million, as compared to $1.3 million in the same period in the prior year due to lower employee related costs and a focus on cost control measures, which were partially offset by lower amounts received related to the CEWS and CERS as the government programs both ended in October 2021.

Finance costs of $4.7 million for the quarter ended December 31, 2021, were $0.3 million or 8% higher than the same period in the prior year and represented an effective interest rate of 7.4%, which was consistent with the same period of the prior year.

Other items, which relate to gains and losses on the sale of assets and foreign exchange for the three months ended December 31, 2021, totalled $1.0 million.

For the fourth quarter of 2021, consolidated income tax recovery was $1.0 million, representing an effective tax rate of 14.7%, as compared to an effective tax rate of 27.5% in the fourth quarter of 2020. The lower effective tax rate in the fourth quarter of 2021 was mainly due to the decrease in the Alberta corporate tax rate substantively enacted in the second quarter of 2019. The change in the effective tax rate for the fourth quarter of 2021, is due to unrecognized deferred tax assets of $0.8 million.

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, 2021, Western had working capital of $2.2 million, a decrease of $13.8 million from December 31, 2020 mainly due to the classification of the Credit Facilities balance of $8.0 million as a current liability in the fourth quarter of 2021, as well as the prior year cash and cash equivalents balance including the proceeds from the HSBC Facility of $12.5 million. Western's total debt at December 31, 2021 decreased by $2.4 million to $241.6 million, as compared to $244.0 million at December 31, 2020.

During the year ended December 31, 2021, Western had the following changes to its cash balances, which resulted in an $11.8 million decrease in cash and cash equivalents in the year, where the proceeds from the HSBC Facility were used to pay the Company's Second Lien Facility interest in January 2021:

Cash and cash equivalents (stated in thousands)	
Opening balance, at December 31, 2020	19,322
Add:	
Adjusted EBITDA[1]	23,047
Proceeds on sale of property and equipment	2,212
Deduct:	
Finance costs paid	(14,667)
Additions to property and equipment	(6,866)
Change in non cash working capital	(6,837)
Repayment of Credit Facilities	(3,000)
Repayment of other long term debt	(2,961)
Repayment of Second Lien debt	(2,150)
Other items	(622)
Ending balance, at December 31, 2021	**7,478**

(1) See "Non-IFRS Measures" on page 20 of this MD&A.

The Credit Facilities, which have a maximum available amount of $60.0 million, mature on July 1, 2022. As at December 31, 2021, $8.0 million was drawn on the Credit Facilities and $12.5 million was drawn on the HSBC Facility. As described previously, subsequent to December 31, 2021, the Company agreed to amend the terms to its Credit Facilities, which included extending the maturity date and amending certain financial covenants. Cash flow from operations and available Credit Facilities are expected to be sufficient to cover Western's financial obligations, including working capital requirements and the 2022 capital budget. Advances under the Credit Facilities are limited by the Company's borrowing base.

Under the Credit Facility, the borrowing base is calculated monthly and is determined as follows:

- 85% of eligible investment grade accounts receivable; plus
- 75% of eligible non-investment grade accounts receivable; plus
- The lessor of:

(i) 66 2/3% of the total Credit Facilities; or

(ii) 25% of the net book value of property and equipment; or

(iii) 40% of appraised net orderly liquidation value of property and equipment; less

- All due and payable but unpaid statutory source deductions, unpaid wages, vacation pay and other compensation for services rendered, and any other claims ranking in priority.

As at December 31, 2021, the Company was in compliance with its borrowing base requirement.

Amounts borrowed under the Credit Facilities bear interest at the bank's Canadian prime rate or the banker's acceptance rate plus an applicable margin depending, in each case, 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 on page 20 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.

In conjunction with the Credit Facility extension announced on December 31, 2020, Western and its lenders made other changes to the Credit Facilities, including the following adjustments to its financial covenants:

- The Company obtained covenant relief for the third and fourth quarters of 2021 whereby:
  - o the consolidated senior debt to consolidated EBITDA covenant was waived;
  - o a minimum liquidity of $5.0 million was required;
  - o the maximum consolidated debt to consolidated capitalization covenant was increased to 0.65x from 0.60x;
  - o a maximum consolidated senior debt to consolidated capitalization ratio of 0.10x was added; and
- Annual capital expenditures for 2021 could not exceed $10.0 million.

The Credit Facilities are secured by the assets of Western and its subsidiaries. A summary of the Company's financial covenants as at December 31, 2021 is as follows:

December 31, 2021	Covenants [1]
Maximum Consolidated Senior Debt to Consolidated EBITDA Ratio	Waived
Maximum Consolidated Debt to Consolidated Capitalization Ratio	0.65:1.0 or less
Maximum Consolidated Senior Debt to Consolidated Capitalization Ratio	0.10:1.0 or less
Minimum Current Ratio	1.15:1.0 or more
Minimum Liquidity	$5.0 million or more
Maximum Annual Capital Expenditures	$10.0 million

(1) See covenant definitions in Note 10 of the December 31, 2021 consolidated financial statements.

At December 31, 2021, Western was in compliance with all covenants related to its Credit Facilities.

On July 2, 2021, the Company made its semi-annual interest payment on the Second Lien Facility for the period by way of a PIK of $3.8 million. The PIK was added to the principal amount of the Company's Second Lien Facility.

For the years ended December 31, 2021 and 2020, the Company had no customers comprising more than 10.0% of the Company's total revenue. The Company's significant customers may change from period to period.

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", where 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, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020
Revenue	41,363	32,960	20,386	36,969	27,679	13,438	10,802	51,765
Adjusted EBITDA[(1)]	8,950	5,009	2,197	6,891	5,610	2,270	4,036	8,361
Cash flow from (used in) operating activities	8,236	(2,524)	9,410	1,509	2,011	(1,560)	25,732	1,539
Net loss	(6,021)	(10,397)	(12,940)	(6,454)	(7,443)	(10,486)	(8,042)	(15,331)
per share - basic and diluted	(0.07)	(0.11)	(0.14)	(0.07)	(0.08)	(0.12)	(0.09)	(0.17)
Total assets	456,003	460,872	460,443	478,527	495,625	488,470	494,493	542,131
Long term debt	226,884	228,263	225,590	233,418	237,633	226,719	214,255	239,118

(1) See "Non-IFRS Measures" on page 20 of this MD&A.

Revenue and Adjusted EBITDA were impacted by low commodity prices and market uncertainty throughout the last eight quarters. The unprecedented decrease in the price of crude oil in the first quarter of 2020, as well as the demand destruction from the ongoing COVID-19 pandemic throughout 2020 had a significant impact on industry activity and resulted in customers reducing or cancelling their drilling programs, which had a negative impact on Western's Revenue and Adjusted EBITDA. Crude oil prices began to recover in 2021, resulting in some improvements in activity throughout the industry.

A net loss has been incurred throughout the last eight quarters due to the prolonged decline in crude oil and natural gas prices, resulting in reduced demand. The Company recognized an impairment loss on property and equipment of $11.5 million in the first quarter of 2020, which impacted total assets.

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, 2021 are as follows:

(stated in thousands)	2022	2023	2024	2025	2026	Thereafter	Total
Second Lien Facility	2,150	209,112	-	-	-	-	211,262
Second Lien Facility interest	15,381	7,611	-	-	-	-	22,992
Trade payables and other current liabilities [(1)]	16,895	-	-	-	-	-	16,895
HSBC Facility	1,250	1,250	1,250	1,250	7,500	-	12,500
HSBC Facility interest	771	688	610	527	447	-	3,043
Lease obligations [(2)]	2,941	2,723	2,257	635	357	-	8,913
Revolving Facility	8,000	-	-	-	-	-	8,000
Operating commitments [(3)]	2,943	745	744	60	-	-	4,492
PPP Loan	637	637	637	382	-	-	2,293
Total	50,968	222,766	5,498	2,854	8,304	-	290,390

(1) Trade payables and other current liabilities exclude interest accrued as at December 31, 2021 on the Second Lien Facility and the HSBC Facility which is stated separately.
(2) Lease obligations represent the gross lease commitments to be paid over the term of the Company's outstanding long term leases.
(3) Operating commitments include purchase commitments, short term operating leases, and operating expenses associated with long term leases.

Second Lien Facility and interest:

The Company pays interest on the Second Lien Facility semi-annually on January 1 and July 1. The Second Lien Facility is due January 31, 2023 and subsequent to December 31, 2021, the terms of the Second Lien Facility are to be amended as described previously.

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.

HSBC Facility and interest:

The Company pays interest on the HSBC Facility monthly, with principal payments commencing January 1, 2022. The HSBC Facility 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.

Revolving and Operating Facilities (the "Credit Facilities"):

The Company's Credit Facilities mature on July 1, 2022. The Company agreed to amend the Credit Facilities subsequent to December 31, 2021 as described previously.

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.

PPP loan:

The Company has a US$1.8 million 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 its five year term and matures on July 23, 2025.

Subsequent to December 31, 2021, as described previously, the Company entered into a Debt Restructuring Agreement which pursuant to which the principal amount owing on the Second Lien Facility will be reduced upon completion of the Debt Restructuring Transaction and various terms of the Second Lien Facility will be amended, including the maturity date. Additionally, the maturity date of the Credit Facilities will be extended to three years following the closing date of the Debt Exchange.

Outstanding Share Data

	March 24, 2022	December 31, 2021	December 31, 2020
Common shares outstanding	91,788,008	91,706,457	91,165,112
Stock options outstanding	5,692,800	5,924,431	7,464,687
Restricted share units outstanding - equity settled	587,085	608,534	1,244,159

Off Balance Sheet Arrangements

As at December 31, 2021, Western had no off balance sheet arrangements in place.

Financial Risk Management

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 crude oil and natural gas industry and are subject to industry credit risk. In 2021, the ongoing COVID-19 pandemic, government restrictions, the continuing COVID-19 vaccine rollout and related volatility in global demand for crude oil, have had an impact on commodity prices which have an effect on the Company's customers. These factors are expected to continue 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 credit worthiness of new customers before credit terms are offered.

Additionally, the Company continually evaluates individual customer trade receivables for collectability taking into consideration 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 uncollectible. 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, 2021, the Company has collected approximately 90% of its outstanding trade and other receivables at December 31, 2021.

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 oilfield service industry, which in turn could lead to covenant breaches on the Company's Credit Facilities, which is 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 President and Chief Executive Officer ("CEO") and Senior Vice President, Finance, Chief Financial Officer & Corporate Secretary ("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, 2021. 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

This MD&A of the Company's financial condition and results of operations is based on the consolidated financial statements for the year ended December 31, 2021, 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.

In March 2020, the World Health Organization declared a global pandemic as a result of the COVID-19 outbreak, which led to demand destruction worldwide as countries implemented emergency measures such as lockdowns, to prevent the spread of the COVID-19 virus. The significant decrease in global demand for crude oil, coupled with an international price war in 2020, resulted in historical lows and increased volatility in crude oil prices. The current economic environment in 2021 has improved and while the ongoing pandemic continues to add market uncertainty, the economy has improved following the lifting of government restrictions and the rollout of COVID-19 vaccines around the globe with their resulting impact on the economy and international markets. The pandemic and volatility in global demand results in uncertainty for the Company, which management took into consideration when applying judgments to estimates and assumptions in the consolidated financial statements. A full list of critical accounting estimates is included in the Company's annual consolidated Financial Statements for the year ended December 31, 2021. However, the current market conditions have increased the uncertainty specifically relating to, but not limited to, assumptions used in calculating the recoverable amounts of the Company's cash generating units in its impairment assessment, as well as increased risk of non-payment of trade receivables is what management considers material. Actual results may differ from the estimates used in preparing the consolidated financial statements.

Government Grants:

In response to the COVID-19 pandemic and emergency measures, such as lockdowns, governments established various programs to assist companies through this period of uncertainty. Management determined that the Company qualified for certain programs and recognizes such government grants when there is reasonable assurance the grant will be received. Under IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance, the Company may recognize the CEWS as either other income or as a reduction of the expenses related to the grant. The CEWS relates to operating and administrative expenses and has been recognized as a reduction of these expenses. The CEWS program ended in October 2021. The following table summarizes the total CEWS included in operating and administrative expenses:

	Three months ended December 31			Year ended December 31		
	2021	2020	Change	2021	2020	Change
Operating	154	3,220	(95%)	7,626	6,628	15%
Administrative	-	396	(100%)	1,018	1,542	(34%)
Total CEWS	154	3,616	(96%)	8,644	8,170	6%

Additionally, management determined that the Company qualified for the Canada Emergency Rent Subsidy ("CERS"). The CERS relates to eligible expenses such as rent and operating costs for the Company's leased properties, some of which had been capitalized as assets under IFRS 16 Leases. The CERS program ended in October 2021. The following table summarizes the total CERS included in operating and depreciation:

	Three months ended December 31			Year ended December 31		
	2021	2020	Change	2021	2020	Change
Operating	11	99	(89%)	340	99	243%
Depreciation	12	224	(95%)	378	224	69%
Total CERS	23	323	(93%)	718	323	122%

Business Risks

For a comprehensive listing of the Company's business risks please see the most recent annual information form ("AIF") for the year ended December 31, 2021, as filed under the Company's SEDAR profile at www.sedar.com.

Certain of the Company's primary business risks as at December 31, 2021 are as follows:

- The Company's business, financial condition and results of operations have been and may continue to be materially and adversely affected by the outbreak of epidemics, pandemics and other public health crises in geographic areas in which the Company has operations, customers or employees, including the ongoing COVID-19 pandemic and continued uncertainty with respect to the extent and duration of the pandemic. The ongoing pandemic may continue to impact the Company's operations and the full extent of the impact is currently unknown, as it will depend on future developments, which are highly uncertain and cannot be predicted with any degree of certainty.

- The Company's business relies on the crude oil and natural gas exploration and production industry which is subject to a number of risks including general economic conditions, fluctuations in demand and supply of crude oil and natural gas production, fluctuations in commodity prices, competition and increases in operating costs. In addition, changes may occur in government regulations, including regulations relating to foreign acquisitions, prices, taxes, royalties, land tenure, allowable production, importing and exporting of crude oil and natural gas and environmental protection for the crude oil and natural gas industry as a whole. Risks impacting the crude oil and natural gas exploration and production industry, including the ability of crude oil and natural gas companies to accumulate capital or variations in their exploration and development budgets, may also affect the Company's business. The impact of these risks cannot be accurately predicted.

- If there is a return to a low commodity price environment due to factors outside the Company's control, including a resurgence in the COVID-19 pandemic or the reinstatement of government restrictions, the demand for the Company's equipment and services will remain lower than normal and the Company's utilization rates and revenue will be adversely affected during such time. Lower utilization and revenue could result in the Company not being in compliance with certain covenants in its Credit Facilities, which in turn could restrict the Company's ability to access its Credit Facilities, pay distributions, repay indebtedness at maturity and incur additional debt in the future.

- The Company may find it necessary in the future to obtain additional debt or equity to support ongoing operations, to refinance debt, to undertake additions to property and equipment or to undertake acquisitions or other business combination transactions. The impact of COVID-19 on industry conditions and financial and capital markets may make identifying and completing new financing opportunities more challenging. There can be no assurance that additional financing will be available when needed or on terms acceptable to the Company. Dilution to shareholders may occur in the event the Company issues equity for cash proceeds, settles any of its indebtedness for equity consideration or enters into a merger or acquisition that provides the Company's equity as consideration. The issuance of a substantial amount of equity may adversely affect prevailing market prices for the Company's common shares.

- The ability of the Company to make payments, dividends or enter into certain transactions will be subject to the applicable laws and contractual restrictions in the instruments governing its indebtedness, including the Credit Facilities, the HSBC Facility and the Second Lien Facility. Given the current macroeconomic environment due to the COVID-19 pandemic, there is no assurance that Western will be able to refinance any or all of its Credit Facilities and Second Lien Facility at their maturity dates on acceptable terms.

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

- Competition among oilfield service companies offering related services is significant. Some competitors are larger and have greater revenue than the Company and overall greater financial resources. The Company's ability to generate revenue depends on its ability to attract and win contracts and to perform services.
- During the prolonged downturn many oilfield service workers left the industry and, therefore, as activity has increased it has been difficult for the Company to attract and retain field crews. This could have a material adverse effect on the Company's business and financial results.
- In addition to global economic events and uncertainty, the capacity within North America to ship commodities to market introduces uncertainties in levels of activity and pricing for crude oil and natural gas production.
- The Company's business is subject to credit risk primarily from credit exposure to customers, with a concentration of credit risk with customers in the crude oil and natural gas industry. In particular, Western may be exposed to credit-related losses in the event counterparties to contracts become insolvent, are subject to creditor protection laws or otherwise fulfill their present or future financial obligations to Western.
- The Company's operations are subject to many hazards inherent in the oilfield service industry, such as blowouts, explosions, damaged or lost drilling, well servicing and oilfield rental equipment or damage or loss from inclement weather, which could result in business interruption, casualty losses, damage or destruction of equipment, suspension of operations, environmental damage or damage to property. This could have a material adverse effect on the Company's business and financial results.
- The Company's exploration and production customers' facilities and other operations emit greenhouse gases which requires them to comply with legislation in those provinces and states where they operate. Over the past few years, both Federal and Provincial governments have implemented carbon levies on greenhouse gas emissions. The direct or indirect costs of these new greenhouse gas emission reduction regulations, as well as regulations which may be adopted in these or other jurisdictions in the future, may have a material adverse effect on the Company's business, financial condition and results of operations and cash flows, as well as impacting the Company's customers' operations.
- Safety is a key factor that customers consider when selecting an oilfield service company. A decline in the Company's safety performance could result in reduced demand for the Company's services which could have a material adverse effect on the Company's business and financial results.
- Currently, the Company is focused on providing services in the WCSB as well as certain limited geographic areas in the United States, which may expose the Company to more extreme market fluctuations relating to factors such as weather and general economic conditions which may be more extreme than the broader industry conditions.
- A portion of the operations of the Company are in the United States which subject the Company to currency fluctuations and different tax and regulatory laws.
- The Company is vulnerable to market prices. Fixed costs, including costs associated with operations, interest, leases, and labour costs account for a significant portion of the Company's expenses. As a result, reduced productivity resulting from reduced demand, equipment failure, or other factors could significantly affect its financial results.
- The oilfield service industry has experienced a high degree of invention and innovation. It is possible that new technology will be developed which will compete with the Company's products and services.
- The Company depends on its suppliers to deliver equipment in a timely and efficient manner and the failure of the Company's suppliers to do so, could be detrimental to the Company's ability to keep customers and to grow.
- The Company's business is subject to the operating risks inherent to the oilfield service industry. On occasion, substantial liabilities to third parties may be incurred. The Company will have the benefit of insurance maintained by it and industry standard contracts; however, it may become liable for damages against which it cannot adequately insure or against which it may elect not to insure because of high costs or other reasons.

- The success of the Company is dependent upon the efforts and abilities of its management team. The loss of any member of the management team could have a material adverse effect upon the business and prospects of the Company.

- The loss of a significant customer or customers, or any decrease in services provided or prices charged to a significant customer or customers could have a material adverse effect on the Company's business and financial results.

- The Company relies on various information systems to manage its business. If these systems were compromised due to a successful cyber-attack, this could have a material adverse effect on the Company business and financial results.

Non-IFRS Measures and Ratios

Western uses certain measures in this MD&A which do not have any standardized meaning as prescribed by IFRS. These measures, 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 have been described and presented in this MD&A to provide shareholders and potential investors with additional information regarding the Company. The Non-IFRS measure used in this MD&A is identified and defined as follows:

Adjusted EBITDA

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 supplemental measure as it is used by management and other stakeholders, including current and potential investors, to analyze the Company's principal business activities. 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 loss for consolidated results and on a segmented basis, loss before income taxes and impairment, 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 supplemental 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 income, to Adjusted EBITDA:

	Three months ended December 31		Year ended December 31	
(stated in thousands)	**2021**	**2020**	**2021**	**2020**
Net loss	**(6,021)**	**(7,443)**	**(35,812)**	**(41,301)**
Income tax recovery	(1,038)	(2,828)	(3,457)	(14,609)
Loss before income taxes	**(7,059)**	**(10,271)**	**(39,269)**	**(55,910)**
Add (deduct):				
Depreciation	10,263	11,314	42,024	48,268
Stock based compensation	34	130	253	449
Finance costs	4,720	4,381	19,664	17,963
Other items	992	56	375	(1,992)
Impairment of property and equipment	-	-	-	11,500
Adjusted EBITDA	**8,950**	**5,610**	**23,047**	**20,278**

<ins>Defined Terms:</ins>

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

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

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 based on Service Hours divided by available hours, being 10 hours per day, per well servicing rig, 365 days per year.

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”);
- Basis point (“bps”): A 1% change equals 100 basis points and a 0.01% change is equal to one basis point;
- Canadian Association of Energy Contractors (“CAOEC”);
- DecaNewton (“daN”);
- International Financial Reporting Standards (“IFRS”);
- Pounds (“lbs”);
- Thousand cubic feet (“mcf”);
- Western Canadian Sedimentary Basin (“WCSB”);
- Western Canadian Select (“WCS”); 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: commodity pricing; the future demand for the Company’s services and equipment, in particular, the expectation of improved activity levels in 2022 as a result of increased capital spending by Western's customers; the potential impact of the ongoing COVID-19 pandemic on Western’s customers, operations, business and global economic activity; the pricing for the Company’s services and equipment; Western's maintenance and expansion capital plans for 2022, including with respect to the Company's capital budget of approximately $8.1 million for the first quarter of 2022, and its ability to make changes thereto in response to customer demands; the Company’s liquidity needs including the ability of current capital resources to cover Western’s financial obligations; 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; maturities of the Company’s contractual obligations with third parties; opportunities relating to Debt Restructuring Transaction; expectations as to the changes in crude oil transportation capacity through pipeline developments and uncertainties related thereto; expectations as to the benefits of the LNG Canada natural gas project in British Columbia on the Company and its rig fleet; the potential impact of changes to laws, governmental and environmental regulations, and the price on carbon emissions; 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 producer spending and activity levels for oilfield services; the Company’s ability to maintain a competitive advantage; the Company’s ability to find and maintain enough field crew members; and forward-looking information contained under the headings “Disclosure Controls and Procedures and Internal Controls Over Financial Reporting”, “Business Risks” 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 continued business relationships between the Company and its significant customers; crude oil transport, pipeline and LNG export facility approval and development; 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 2022 and in the future; the impact, direct and indirect, of the COVID-19 pandemic on Western's business, customers, business partners, employees, supply chain, other stakeholders and the overall economy; changes in laws or regulations; currency exchange fluctuations; the ability of the Company to attract and retain skilled labour and qualified management; the ability to retain and attract significant customers; the ability to maintain a satisfactory safety record; 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, the ongoing impact of the COVID-19 pandemic on global demand and prices for oil and gas, including the impact on demand for Western's services; 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, economic, and environmental conditions in Canada, the United States and globally; supply and demand for oilfield services relating to contract drilling, well servicing and oilfield rental equipment services; changes to laws, regulations and policies; 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; 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, 2021, which may be accessed through the SEDAR website at www.sedar.com. 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.

Additional data

The AIF containing additional information relating to the Company is filed under the Company's SEDAR profile at www.sedar.com.

Exhibit 2.4

WESTERN ENERGY SERVICES CORP.

Notice of Annual Meeting of Shareholders

to be held on April 27, 2021

MANAGEMENT INFORMATION CIRCULAR

AND PROXY STATEMENT

Dated March 15, 2021

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Notice is hereby given of the 2021 annual meeting of shareholders (the "**Annual Meeting**") of Western Energy Services Corp. ("**Western**").

Date: April 27, 2021
Time: 1:30 p.m. (Mountain Time)
Place: Western's Head Office - 1700, 215 – 9th Avenue SW, Calgary, Alberta, T2P 1K3

As of the date of this Notice of Annual Meeting of Shareholders, we intend to hold the meeting in person at Western's corporate head office located at 1700, 215 – 9th Avenue SW, Calgary, Alberta, however we are continuously monitoring the current outbreak of COVID-19. In order to mitigate risks to the health and safety of shareholders, management, and the community at large, the Corporation, with regret, but in accordance with current public health guidelines, discourages shareholders from physically attending the meeting and asks that all shareholders vote by proxy or voting instruction form prior to the meeting. Shareholders will be able to listen to the meeting by way of a conference call scheduled for 1:30 p.m. (Mountain Time) on Tuesday, April 27, 2021. **The Annual Meeting will be held for the sole purpose of the matters to be acted upon at the Annual Meeting and no corporate update or investor presentation will be provided.** Shareholders may opt to listen to the Annual Meeting via conference call. To participate in the call, dial: 1-888-664-6383 and provide

Conference ID: 76921757. Shareholders will be able to ask questions of management via email to ir@wesc.ca at the conclusion of the Annual Meeting. **This is not a virtual meeting and as such shareholders cannot vote as part of the conference call.** You can vote before the Annual Meeting by mail, internet or telephone by following the instructions on your proxy or voting instruction form. Your instructions must be received by 1:30 p.m. (Mountain time) on April 23, 2021 for your vote to be counted.

The Corporation asks that, in considering whether to attend the Annual Meeting in person, shareholders follow the advice and instructions of the Public Health Agency of Canada (www.canada.ca/en/public-health.html), the Alberta Health Services guidelines (www.albertahealthservices.ca), and the Alberta Government restrictions on public gatherings (www.alberta.ca/restrictions-on-gatherings.aspx).

We reserve the right to take any additional precautionary measures we deem necessary or advisable in relation to the meeting in response to further developments in respect of the COVID-19 outbreak, including changing the location of the meeting, hosting the meeting solely by means of remote communication, placing restrictions on in-person attendance, or postponing or adjourning the meeting. Changes to the meeting location, meeting date or means of holding the meeting will be announced by way of press release, which will be filed under Western's profile on SEDAR as well as on Western's website at https://www.wesc.ca/. Please monitor our press releases for updated information. We advise you to check Western's website one week prior to the meeting date for the most current information. We do not intend to prepare or mail amended meeting materials in the event of changes to the meeting location or format.

At the Annual Meeting, shareholders will be asked to do the following:

1. **Financial Statements:**

   Receive the audited financial statements of Western for the financial year ended December 31, 2020 and the auditor's report thereon.

2. **Directors:**

   Elect the board of directors of Western for the ensuing year.

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3. **Auditors:**

   Appoint Deloitte LLP, of Calgary, Alberta, as Western's independent auditors for the ensuing year and authorize the directors to set their compensation.

4. **Other Business:**

   Consider any other business that may properly come before the meeting.

The accompanying Management Information Circular and Proxy Statement provides further details on the matters proposed to be put before the Annual Meeting.

You have the right to vote

The board of directors of Western has set the close of business on March 15, 2021 as the record date for determining those shareholders entitled to receive notice of, and to vote at, the Annual Meeting.

Your vote is important

The accompanying Management Information Circular and Proxy Statement provides instructions on the various methods that a Western shareholder can use to have their Common Shares voted at the meeting including instructions regarding voting in person, by mail, by internet or by phone.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "*Alex R.N. MacAusland*"

Alex R.N. MacAusland
President & Chief Executive Officer
Calgary, Alberta
March 15, 2021

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MANAGEMENT INFORMATION CIRCULAR AND PROXY STATEMENT

PROXIES & VOTING

Solicitation of Proxies

The 2021 annual meeting of shareholders of Western Energy Services Corp. will be held as follows:

Date: April 27, 2021
Time: 1:30 p.m. (Mountain Time)
Place: Western's Head Office - 1700, 215 – 9th Avenue SW, Calgary, Alberta, T2P 1K3

This Management Information Circular and Proxy Statement (the "**Information Circular**") is furnished in connection with the solicitation of proxies by the management of Western Energy Services Corp. (the "**Corporation**" or "**Western**") for use at the annual meeting of holders ("**Shareholders**") of common shares ("**Common Shares**") of the Corporation (the "**Annual Meeting**"). Solicitation of proxies will be primarily by mail, but some proxies may be solicited at a nominal cost personally or by telephone, facsimile transmission or other electronic means by directors, officers, or employees of Western who will not be specifically remunerated for such activities. The cost of solicitation will be borne by Western.

As of the date of this Information Circular, the Corporation intends to hold the meeting in person at Western's corporate head office located at 1700, 215 – 9th Avenue SW, Calgary, Alberta, however we are continuously monitoring the current outbreak of COVID-19. In order to mitigate risks to the health and safety of shareholders, management, and the community at large, the Corporation, with regret, but in accordance with current public health guidelines, discourages shareholders from physically attending the meeting and asks that all shareholders vote by proxy or voting instruction form prior to the meeting. Shareholders will be able to listen to the meeting by way of a conference call scheduled for 1:30 p.m. (Mountain Time) on Tuesday, April 27, 2021. **The Annual Meeting will be held for the sole purpose of the matters to be acted upon at the Annual Meeting and no corporate update or investor presentation will be provided.** Shareholders may opt to listen to the Annual Meeting via conference call. To participate in the call, dial: 1-888-664-6383 and provide Conference ID: 76921757. Shareholders will be able to ask questions of management via email to ir@wesc.ca at the conclusion of the Annual Meeting. **This is not a virtual meeting and as such shareholders cannot vote as part of the conference call.** Shareholders can vote before the Annual Meeting by mail, internet or telephone by following the instructions on their proxy or voting instruction form. Shareholder instructions must be received by 1:30 p.m. (Mountain time) on April 23, 2021 for your vote to be counted.

The Corporation asks that, in considering whether to attend the Annual Meeting in person, shareholders follow the advice and instructions of the Public Health Agency of Canada (www.canada.ca/en/public-health.html), the Alberta Health Services guidelines (www.albertahealthservices.ca), and the Alberta Government restrictions on public gatherings (www.alberta.ca/restrictions-on-gatherings.aspx).

The Corporation reserves the right to take any additional precautionary measures deemed necessary or advisable in relation to the meeting in response to further developments in respect of the COVID-19 outbreak, including changing the location of the meeting, hosting the meeting solely by means of remote communication, placing restrictions on in-person attendance, or postponing or adjourning the meeting. Changes to the meeting location, meeting date or means of holding the meeting will be announced by way of press release, which will be filed under Western's profile on SEDAR as well as on Western's website at https://www.wesc.ca/. Please monitor our press releases for updated information. The Corporation advises shareholders to check Western's website one week prior to the meeting date for the most current information. Western does not intend to prepare or mail amended meeting materials in the event of changes to the meeting location or format.

Delivery of Meeting Materials to Beneficial Shareholders

The materials for the Annual Meeting are being sent to both registered Shareholders and beneficial Shareholders. If a beneficial Shareholder receives the meeting materials from Western or its agent, that beneficial Shareholder's name and address and information about his or her holdings of securities has been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the beneficial Shareholder's Common Shares on the beneficial Shareholder's behalf. By choosing to send the meeting materials to the beneficial Shareholder directly, Western (and not the intermediary holding on the beneficial Shareholder's behalf) has assumed responsibility for (a) delivering the meeting materials to the beneficial Shareholder, and (b) executing the beneficial Shareholder's proper voting instructions. Beneficial Shareholders are kindly asked to return their voting instructions as specified in the request for voting instructions.

Exercise of Discretion by Proxy

The Common Shares represented by the form of proxy or voting instruction form, as applicable (together, the "**Proxy**"), delivered to Shareholders by Western with the notice of the Annual Meeting and Information Circular will be voted or withheld from voting in accordance with the instructions of the Shareholder, if the Shareholder specifies a choice with respect to any matter to be acted upon. The persons appointed under the Proxy are conferred with discretionary authority with respect to amendments or variations of those matters specified in the proxy and notice of meeting and with respect to any other matters which may properly be brought before the shareholder meeting or any adjournment thereof, in accordance with their best judgement. As of the date of this Information Circular, management of Western knows of no such amendment, variation, or other matter.

Unless otherwise specified, proxies in the accompanying form will be voted in favour of:

1. **Electing the nominees proposed by Western, as hereinafter set forth, as directors of Western (provided that in the event that a vacancy among such nominees occurs because of death or for any other reason prior to the shareholder meeting, the persons named as proxies reserve the right to vote for other nominees at their discretion); and**

2. **Re-appointing Deloitte LLP as the auditors of Western.**

In light of the ongoing public health concerns related to the COVID-19 outbreak, Western is encouraging shareholders and others not to attend the meeting in person. Shareholders are urged to vote on the matters before the meeting by proxy or voting instruction form and to listen to the meeting via conference call. To participate in the call, dial: 1-888-664-6383 and provide Conference ID: 76921757. Shareholders will be able to ask questions of management via email to ir@wesc.ca at the conclusion of the Annual Meeting.

Date of Information

All information in this Information Circular is provided as of March 15, 2021 unless specified otherwise.

Methods of Voting

Registered Shareholder Voting	Beneficial Shareholder Voting
You are a registered holder if your Common Shares are held in your name and you have a physical Common Share certificate in your possession or you have a book entry only statement indicating that the Common Shares are registered in your name. ***Voting Options*** 1. By Proxy (see below) 2. By telephone (see enclosed Proxy)	You are a beneficial holder if your Common Shares are held in the name of a nominee. That is, your Common Share certificate was deposited with, or you purchased and continue to hold your Common Shares through, a bank, trust company, securities broker, trustee or other institution. ***Voting Options*** 1. By voting instruction form (see below)

3. By internet (see enclosed Proxy)
4. In person at the Annual Meeting (see below)

Voting by Proxy

Whether or not you attend the Annual Meeting, you can appoint someone else to attend and vote as your proxy holder. Use the enclosed Proxy to do this. The people named in the enclosed Proxy are members of management. ***You have the right to choose another person to be your proxy holder by printing that person's name in the space provided.*** Then complete the rest of the Proxy, sign it and return it. Your votes can only be counted if the person you appoint attends the Annual Meeting and votes on your behalf. ***If you have voted by proxy, you may not vote in person at the Annual Meeting, unless you properly revoke your proxy.***

Return your completed Proxy in the envelope provided so that it arrives not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Annual Meeting or any adjournment thereof.

Revoking your Proxy

You may revoke your Proxy before it is acted on. To do so, you can deliver a written statement that you want to revoke your Proxy (which includes another proper Proxy with a later date) to our transfer agent, Computershare Trust Company of Canada, in accordance with the instructions set out in the Proxy provided not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Annual Meeting or any adjournment thereof.

Or, you can revoke your Proxy by delivering a properly executed instrument in writing at the registered office of the corporation at any time up to and including the last business day preceding the day of the Annual Meeting, or any adjournment thereof, or with the Chair of the Annual Meeting on the day of the meeting, or any adjournment thereof, and upon either of such deposits, the Proxy is revoked.

Voting in Person

If you plan to attend the Annual Meeting *and want to vote your Common Shares in person*, do not complete or return the enclosed Proxy. Your vote will be taken and counted at the meeting. Please register with our transfer agent, Computershare Trust Company of Canada, when you arrive at the meeting to ensure that your vote will be counted.

2. By telephone (see enclosed voting instruction form)
3. By internet (see enclosed voting instruction form)
4. In person at the Annual Meeting (see below)

Voting by Voting Instruction Form

Whether or not you attend the Annual Meeting, you can appoint someone else to attend and vote as your proxy holder. Use the enclosed voting instruction form to do this. The people named in the enclosed voting instruction form are members of management. ***You have the right to choose another person to be your proxy holder by printing that person's name in the space provided.*** Then complete the rest of the form, sign it and return it. Your votes can only be counted if the person you appointed attends the Annual Meeting and votes on your behalf. ***If you have voted on the voting instruction form, neither you nor your proxy holder may vote in person at the Annual Meeting, unless you properly revoke your proxy.***

Computershare Trust Company of Canada (Computershare), must receive your completed proxy form not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Annual Meeting or any adjournment thereof. If you are a beneficial shareholder your deadline is likely sooner, in order for your nominee to have time to deliver your instructions to our transfer agent. You will need to send your voting instructions to your financial intermediary (your bank, trust company, securities broker, trustee or other institution) using the voting instruction form in your package.

Revoking your Proxy

You may revoke your proxy before it is acted on.

Follow the procedures provided by your nominee. Your nominee will likely need to receive your request to revoke your instructions not less than 72 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Annual Meeting or any adjournment thereof in order for your nominee to have time to deliver your instructions to our transfer agent.

Voting in Person

If you plan to attend the Annual Meeting *and wish to vote your Common Shares in person*, insert your own name in the space on the enclosed voting instruction form. Then follow the signing and return instructions provided in that form. Your vote will be taken and counted at the Annual Meeting, so do not indicate your votes on the form. Please register with our transfer agent, Computershare Trust Company of Canada, when you arrive at the Annual Meeting to ensure that your vote will be counted.

Note Regarding Attending the Meeting in Person

In order to mitigate risks to the health and safety of shareholders, management, and the community at large, the Corporation, with regret, but in accordance with current public health guidelines, discourages shareholders from physically attending the meeting and asks that all shareholders vote by proxy or voting instruction form prior to the meeting. As noted above, Shareholders may vote in advance of the meeting, and may listen to the Annual Meeting conference call. See "Proxies and Voting" above for further detail.

Record Date

The board of directors of Western (the "**Board**") has fixed the record date for the Annual Meeting at the close of business on March 15, 2021. Only Shareholders of record as at that date are entitled to receive notice of the Annual Meeting. Shareholders of record will be entitled to vote those Common Shares owned as at the record date, unless any such Shareholder transfers such shareholder's Common Shares after the record date and the transferee of those Common Shares establishes that the transferee owns them and demands, not later than ten days before the Annual Meeting, that the transferee's name be included in the list of shareholders entitled to vote at the Annual Meeting, in which case such transferee shall be entitled to vote such Common Shares at the Annual Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF SECURITIES

Quorum

A quorum of Shareholders is present at a meeting of Shareholders if at least two persons are present holding or representing not less than 25 percent of the Common Shares entitled to be voted at the Annual Meeting.

Outstanding Shares

The authorized share capital of Western consists of an unlimited number of Common Shares and an unlimited number of preferred shares of Western ("**Preferred Shares**"). As at March 15, 2021, the Corporation had 91,200,072 Common Shares issued and outstanding and no Preferred Shares issued and outstanding. Each Common Share carries the right to one vote at meetings of the Shareholders of Western.

Principal Shareholders

As of the date of this Information Circular, the directors and officers of Western are not aware of anyone who beneficially owns, directly or indirectly, or exercises control or direction over, securities carrying more than 10% of the voting rights attached to any class of outstanding voting securities of Western entitled to be voted at the Annual Meeting except as set forth in the following table, which is based on publicly available information:

Name of Shareholder and Municipality of Residence	Common Shares Owned, Controlled or Directed	Percentage of Common Shares(1)
G2S2 Capital Inc. ("**G2S2**")(2) Halifax, Nova Scotia, Canada	22,904,500	25.1%
Ronald P. Mathison(3) Calgary, Alberta, Canada	18,270,991	20.0%
Alberta Investment Management Corporation ("**AIMCo**")(4) Edmonton, Alberta, Canada	17,600,000	19.3%

Notes:

(1) Based on 91,200,072 issued and outstanding Common Shares as at March 15, 2021.

(2) Based on publicly available information on SEDI as at March 15, 2021 (pursuant to a SEDI filing report) G2S2 reported that it held 22,904,500 Common Shares.

(3) Includes Common Shares held directly by Mr. Mathison (8,228,151) and Matco Investments Ltd. (10,042,840).

(4) Based on publicly available information whereby as at August 9, 2019 AIMCo reported (pursuant to the Early Warning System – Alternative Monthly Report filed on SEDAR) that it held 17,600,000 Common Shares.

MATTERS TO BE ACTED UPON AT THE MEETING

Financial Statements

Western will place before the Shareholders at the Annual Meeting the audited consolidated financial statements of Western for the financial year ended December 31, 2020 and the auditor's report thereon. No vote by the Shareholders with respect to this matter is required. National Instrument 51-102 – *Continuous Disclosure Obligations*, (the "**Instrument**") provides that Western is no longer required to send annual or interim financial statements or the management's discussion and analysis relating thereto to its registered and beneficial Shareholders unless they request copies of same. However, the *Business Corporations Act* (Alberta) requires that annual financial statements be sent to each registered Shareholder unless waived in writing by the registered Shareholder. The Instrument also provides that Western must send annually a request form to its registered and beneficial Shareholders that may be used by such shareholders to request any or all of the annual and interim financial statements and the management's discussion and analysis relating thereto. Shareholders are encouraged to review and, if action is desired, send the enclosed return cards to Computershare Trust Company of Canada, Proxy Department, by mail at 135 West Beaver Creek, P.O. Box 300, Richmond Hill, Ontario L4B 4R5; or by hand at 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1; or Fax 1 (866) 249-7775. A copy of annual financial statements of the Corporation are available under the Corporation's SEDAR profile at www.sedar.com and on the Corporation's website at www.wesc.ca.

Election of Directors

The affairs of the Corporation are managed by the Board who are elected annually for a one year term at each annual meeting of Shareholders and who hold office until the next annual meeting, or until their successors are duly elected or appointed, or until a director vacates his or her office or is replaced in accordance with the articles and by-laws of the Corporation. The Board has fixed the number of directors to be elected at the meeting at six and the following persons are proposed to be nominated for election as directors of Western at the Annual Meeting. All of the proposed nominees, other than George S. Armoyan, were duly elected as directors at the annual meeting of shareholders held on April 28, 2020. Mr. Armoyan is a new nominee who has not yet joined the Board. See "Director Nominees" in this Information Circular for additional information on the director nominees.

Director Nominees	
Donald D. Copeland	Alex R.N. MacAusland
Lorne A. Gartner	Ronald P. Mathison
John R. Rooney	George S. Armoyan

It is the intention of the persons named in the Proxy, if not expressly directed otherwise in such Proxy, to vote such Proxies FOR the election of the nominees described above as directors of Western. It is not contemplated that nominees will be unable to serve as directors, but, if that should occur for any reason prior to the Annual Meeting, the persons named in the enclosed Proxy reserve the right to vote for other nominees at their discretion.

The Board has concluded that each nominee is well qualified to serve on the Board. The nominees have the relevant expertise essential to ensure appropriate strategic direction and oversight. Each director nominee has confirmed his eligibility and willingness to serve as a director if elected. Each enclosed Proxy and the voting instruction form for beneficial holders provides for Shareholders to vote for each director individually. In addition, the Corporation has adopted a majority voting policy in respect of the election of directors which is described below.

Majority Voting

The Board has adopted an individual voting standard for the election of directors. Under such individual voting standard, in the event that any nominee for election receives more "withheld" votes than "for" votes at any meeting at which Shareholders vote on the uncontested election of directors, the nominee must immediately submit his or her resignation to the Board and the Board shall determine whether or not to accept the resignation within 90 days after the meeting. The Board shall accept the resignation absent exceptional circumstances. A director who tenders their resignation will not participate in any meeting of the Board or any committee thereof while his or her resignation is being considered. Once a decision is made, Western will promptly issue a news release outlining the Board's reasons for either accepting or rejecting the director's resignation. Such resignation shall be effective when accepted by the Board.

Appointment of the Auditor

The Shareholders will also be asked to approve by ordinary resolution the appointment of Deloitte LLP of Calgary, Alberta, to serve as auditor of Western until the next annual meeting of the Shareholders and to authorize the Board to fix their remuneration. Deloitte LLP has been the auditor of Western since January 12, 2010. Should Deloitte LLP for any reason be unwilling or unable to accept re-appointment, the Board will exercise their discretion to appoint an alternate auditor.

For a breakdown of the "audit fees", "audit-related fees", "tax fees" and "all other fees" paid to Deloitte LLP by Western in fiscal 2020 and 2019, please see "*Audit Committee Information – Auditor Service Fees"* in Western's annual information form for the year ended December 31, 2020 dated February 25, 2021 which can be found under the Corporation's SEDAR profile at www.sedar.com.

It is the intention of the persons named in the Proxy, if not expressly directed otherwise in such Proxy, to vote such proxies FOR the appointment of Deloitte LLP as auditor of Western.

Other Business

Management is not aware of any matters to come before the Annual Meeting other than those set out in the Notice of Meeting. If other matters come before the Annual Meeting, it is the intention of the individuals named in the Proxy to vote the same as management in accordance with their best judgment in such matters.

DIRECTOR NOMINEES

The following table sets forth, for each nominee: their name, age, municipality, province or state and country of residence; their committee memberships; all positions and offices with Western now held by them; the period during which they have served as a director; other public company board memberships; their principal occupation for the last 5 years along with a brief biography; and the number and percentage of Common Shares that they have advised are beneficially owned, controlled or directed by them, directly or indirectly, as of March 15, 2021.

Each of the directors listed below are elected for a one year term and will hold their office until their successors are duly elected or appointed, or until they resign or are replaced in accordance with the articles and by-laws of the Corporation.

Donald D. Copeland(1)(2)(3)
Age: 67
Victoria, B.C. Canada
Director since June 17, 2011
Independent(4)
Health, Safety and Environment Committee Chair

Areas of Expertise

- Operational Management
- Environment, Health & Safety
- Corporate Governance / Board Member
- Sales & Marketing
- Mergers & Acquisitions
- Engineering
- Capital/Financial Markets
- Management Information Systems / IT
- International Business Experience
- Compensation

Mr. Copeland is an independent businessman. Prior to joining the Board, Mr. Copeland was the Chair of Stoneham Drilling Trust. Previously, he founded and served as the CEO, Chair and director of a number of corporations, both in the producing sector and oilfield services sector of the crude oil and natural gas industry. Mr. Copeland received a Bachelor of Science degree in Chemical Engineering from the University of Calgary. He is a graduate of the Director's Education Program sponsored by the Institute of Corporate Directors.

2020 Board/Committee Membership	Attendance at Meetings during 2020	
Board	5 of 5	100%
Audit	4 of 4	100%
Corporate Governance and Compensation	5 of 5	100%
Health, Safety and Environment	5 of 5	100%

Other Public Company Board Memberships	Public Board Interlocks
None	None

Securities Held

Common Shares	Percentage(5)	Total Market Value of Common Shares(6)
890,087	1.0%	$ 356,035

Options Held

Date Granted	Expiry Date	Outstanding	Grant Price	Value of In-the-Money Unexercised Options(7)
Aug 16/16	Aug 15/21	11,500	$ 3.30	-
Aug 23/17	Aug 22/22	9,700	$ 1.24	-
Aug 3/18	Aug 2/23	21,850	$ 0.86	-
Aug 20/19	Aug 19/24	17,260	$ 0.24	$ 4,142
Aug 25/20	Aug 24/25	77,320	$ 0.265	$ 16,624

RSUs Held

Outstanding	Value of Outstanding RSUs(8)
43,420	$ 17,368

Voting Results of 2020 Annual Meeting	Votes For		Votes Withheld		Total Votes Cast
	53,334,053	98.81%	640,022	1.19%	53,974,075

Lorne A. Gartner(1)(2)(3)
Age: 71
Calgary, Alberta Canada
Director since June 16, 2011
Independent(4)
Corporate Governance and Compensation Committee Chair

Areas of Expertise

- Commercial Banking
- Capital/Financial Markets
- Financial & Accounting
- Mergers & Acquisitions
- Compensation

Mr. Gartner is an independent businessman. Formerly, Mr. Gartner was a Managing Director of Royal Bank of Canada Capital Markets, a position he held from 2000 to 2006. Prior to that time, Mr. Gartner was a Vice President of Royal Bank of Canada, Calgary Energy Group.

2020 Board/Committee Membership	Attendance at Meetings during 2020	
Board	5 of 5	100%
Audit	4 of 4	100%
Corporate Governance and Compensation	5 of 5	100%
Health, Safety and Environment	5 of 5	100%

Other Public Company Board Memberships	Public Board Interlocks
Calfrac Well Services Ltd.	Messrs. Gartner, Mathison and Armoyan are board members of Calfrac Well Services Ltd.

Securities Held

Common Shares	Percentage(5)	Total Market Value of Common Shares(6)
191,432	0.2%	$ 76,573

Options Held

Date Granted	Expiry Date	Outstanding	Grant Price	Value of In-the-Money Unexercised Options(7)
Aug 16/16	Aug 15/21	11,500	$ 3.30	-
Aug 23/17	Aug 22/22	9,700	$ 1.24	-
Aug 3/18	Aug 2/23	21,850	$ 0.86	-
Aug 20/19	Aug 19/24	17,260	$ 0.24	$ 4,142
Aug 25/20	Aug 24/25	77,320	$ 0.265	$ 16,624

RSUs Held

Outstanding	Value of Outstanding RSUs[8]
43,420	$ 17,368

Voting Results of 2020 Annual Meeting	Votes For		Votes Withheld		Total Votes Cast
	53,313,913	98.78%	660,162	1.22%	53,974,075

Alex R.N. MacAusland[1]
Age: 53
Calgary, Alberta Canada
Director since
December 1, 2013
Not Independent[9]

Areas of Expertise

- Operational Management
- Capital/Financial Markets
- Financial & Accounting
- Human Resource Management
- Environment, Health & Safety
- Legal Obligations / Requirements
- Corporate Governance / Board Member
- Sales & Marketing
- Mergers & Acquisitions

Mr. MacAusland, a founder of Western, has over 29 years of management and operational experience in the oilfield services industry in western Canada and the United States. Prior to being appointed President and Chief Executive Officer of Western on December 1, 2013, Mr. MacAusland was the President and Chief Operating Officer of Western from December 8, 2009 to December 1, 2013. Prior thereto, Mr. MacAusland was the President and CEO of Horizon Drilling Inc., a western Canadian based contract drilling provider, from 2008 until 2009. Prior to that he was the Senior Vice President of IROC Energy Services Corp., overseeing Eagle Well Servicing, Mission Drilling and Aero Rentals from 2006 until 2008. Prior to that, Mr. MacAusland was at Precision Drilling Corporation ("**Precision**") for 15 years in various capacities including Rig Manager and Contract Sales, followed by General Manager and then Vice President Operations responsible for Precision's well servicing rig fleet, snubbing, camp and catering divisions. Mr. MacAusland holds a Bachelors' degree in Political Science and Economics from St. Thomas University.

2020 Board/Committee Membership	Attendance at Meetings during 2020	
Board	5 of 5	100%
Health, Safety and Environment	5 of 5	100%

Other Public Company Board Memberships	Public Board Interlocks
None	None

Securities Held

Common Shares	Percentage[5]	Total Market Value of Common Shares[6]
1,736,747	1.9%	$ 694,699

Options Held[10]

Date Granted	Expiry Date	Outstanding	Grant Price	Value of In-the-Money Unexercised Options[7]
Aug 16/16	Aug 15/21	199,500	$ 3.30	-
Aug 23/17	Aug 22/22	164,600	$ 1.24	-
Aug 3/18	Aug 2/23	371,810	$ 0.86	-
Aug 20/19	Aug 19/24	293,650	$ 0.24	$ 70,476
Aug 25/20	Aug 24/25	400,000	$ 0.265	$ 86,000

RSUs Held[10]

Outstanding	Value of Outstanding RSUs[8]

113,286	$	45,314

Voting Results of 2020 Annual Meeting	Votes For		Votes Withheld		Total Votes Cast
	53,397,550	98.93%	576,525	1.07%	53,974,075

Ronald P. Mathison
Age: 64
Calgary, Alberta Canada
Director since
December 17, 2010
Independent[4]
Chairman of the Board

Areas of Expertise
- Capital/Financial Markets
- Financial & Accounting
- Commercial Banking
- Mergers & Acquisitions
- Legal Obligations / Requirements
- Corporate Governance / Board Member
- International Business Experience

Mr. Mathison is the Chairman of MATCO Investments Ltd., a private investment holding company which invests in the oil and gas and oilfield services industries, in real estate and in selected other opportunities. MATCO may provide both capital and management expertise, depending on the context. Mr. Mathison has extensive experience in financing corporations and in executing business transactions, in both the public and private markets. Until October of 2000, Mr. Mathison was a director and principal of Peters & Co. Limited, an investment firm specializing in the energy industry. Prior thereto, Mr. Mathison and two other individuals formed the nucleus of Peters & Co. Capital, a private merchant banking entity that is widely associated with numerous restructurings of oil and natural gas exploration and production companies and oilfield service companies. Mr. Mathison received a B.Comm. (Honours) from the University of Manitoba in 1979. He obtained his Chartered Accountant designation in 1982 and he was granted his Fellow of the Chartered Professional Accountants in 2015. Mr. Mathison also holds the designation of Chartered Business Valuator, obtained in 1989; and is a Chartered Financial Analyst charterholder, earned in 1990.

2020 Board/Committee Membership	Attendance at Meetings during 2020	
Board	5 of 5	100%

Other Public Company Board Memberships	Public Board Interlocks
Calfrac Well Services Ltd.	Messrs. Mathison, Gartner and Armoyan are board members of Calfrac Well Services Ltd.

Securities Held

Common Shares[11]	Percentage[5]	Total Market Value of Common Shares[6]	
18,270,991	20.0%	$	7,308,396

Options Held

Date Granted	Expiry Date	Outstanding		Grant Price		Value of In-the-Money Unexercised Options[7]
Aug 16/16	Aug 15/21	11,500	$	3.30		-
Aug 23/17	Aug 22/22	9,700	$	1.24		-
Aug 3/18	Aug 2/23	21,850	$	0.86		-
Aug 20/19	Aug 19/24	17,260	$	0.24	$	4,142
Aug 25/20	Aug 24/25	77,320	$	0.265	$	16,624

RSUs Held

Outstanding		Value of Outstanding RSUs[8]
57,886	$	23,154

Voting Results of 2020 Annual Meeting	Votes For		Votes Withheld		Total Votes Cast
	53,244,826	98.65%	729,249	1.35%	53,974,075

John R. Rooney[(1)(2)(3)]
Age: 64
Calgary, Alberta Canada
Director since
December 22, 2009
Independent[(4)]
Audit Committee Chair

Areas of Expertise
- Operational Management
- Capital/Financial Markets
- Financial & Accounting
- Legal Obligations / Requirements
- Corporate Governance / Board Member
- Mergers & Acquisitions
- Compensation

Mr. Rooney is a Calgary-based entrepreneurial executive with a technical background in finance. Mr. Rooney is a Chartered Accountant and a Chartered Business Valuator. Currently, Mr. Rooney is Chairman of Kara Technologies Inc., a company dedicated to developing the next generation of technology for the economic production of low emission fuels. Previously, Mr. Rooney has founded and run a number of public oil & gas companies, including as Chairman & CEO of Northern Blizzard Resources Inc. from December 2009 until June 2017, CEO of TUSK Energy Corporation from January 2007 until April of 2009, President & CEO of Zenas Energy Inc. from August 2005 to December 2007, President & CEO of Blizzard Energy Inc. from December 2002 to July 2005.

2020 Board/Committee Memberships	Attendance at Meetings during 2020	
Board	5 of 5	100%
Audit	4 of 4	100%
Corporate Governance and Compensation	5 of 5	100%
Health, Safety and Environment	5 of 5	100%

Other Public Company Board Memberships	Public Board Interlocks
Tamarack Valley Energy Ltd.	None

Securities Held

Common Shares	Percentage[(5)]	Total Market Value of Common Shares[(6)]
637,522	0.7%	$ 255,009

Options Held

Date Granted	Expiry Date	Outstanding	Grant Price	Value of In-the-Money Unexercised Options[(7)]
Aug 16/16	Aug 15/21	11,500	$ 3.30	-
Aug 23/17	Aug 22/22	9,700	$ 1.24	-
Aug 3/18	Aug 2/23	21,850	$ 0.86	-
Aug 20/19	Aug 19/24	17,260	$ 0.24	$ 4,142
Aug 25/20	Aug 24/25	77,320	$ 0.265	$ 16,624

RSUs Held

Outstanding	Value of Outstanding RSUs[(8)]
43,420	$ 17,368

Voting Results of 2020 Annual Meeting	Votes For		Votes Withheld		Total Votes Cast
	53,334,053	98.81%	640,022	1.19%	53,974,075

George S. Armoyan
Age: 61
Halifax, Nova Scotia Canada
Independent(4)

Areas of Expertise

- Capital/Financial Markets
- Mergers & Acquisitions
- Financial & Accounting
- Commercial Banking
- Legal Obligations / Requirements
- Corporate Governance / Board Member
- Operational Management
- Compensation
- International Business

Mr. Armoyan is Executive Chairman of G2S2 Capital Inc., President of Armco Capital Inc., and Chairman, President & CEO of Clarke Inc. Mr. Armoyan is an entrepreneur with extensive experience in real estate and various industries. Since 1982, Mr. Armoyan has successfully founded and grown numerous businesses, created shareholder value at several public companies through restructuring operations by applying a common-sense approach to business. Mr. Armoyan serves on the Board of Clarke Inc., Calfrac Well Services Ltd., and Bonavista Energy Corporation.

2020 Board/Committee Memberships	Attendance at Meetings during 2020	
N/A	N/A	N/A

Other Public Company Board Memberships	Public Board Interlocks
Clarke Inc. Calfrac Well Services Ltd. Bonavista Energy Corporation	Messrs. Armoyan, Gartner and Mathison are board members of Calfrac Well Services Ltd.

Securities Held

Common Shares	Percentage(5)	Total Market Value of Common Shares(6)
22,904,500	25.1%	$ 9,161,800

Options Held

Date Granted	Expiry Date	Outstanding	Grant Price	Value of In-the-Money Unexercised Options(7)
N/A	N/A	N/A	N/A	N/A

RSUs Held

Outstanding	Value of Outstanding RSUs(8)
N/A	N/A

Voting Results of 2020 Annual Meeting	Votes For	Votes Withheld	Total Votes Cast
	N/A	N/A	N/A

Notes:

(1) Member of the Health, Safety and Environment Committee.

(2) Member of the Corporate Governance and Compensation Committee.

(3) Member of the Audit Committee.

(4) "Independent" refers to the standards of independence set forth within Section 1.4 of National Instrument 52-110 *Audit Committees* ("**NI 52-110**").

(5) Percentage of Common Shares beneficially owned is calculated based on an aggregate of 91,200,072 Common Shares outstanding as of March 15, 2021.

(6) Total Market Value of Common Shares was determined by multiplying the number of Common Shares held by each director nominee as of March 15, 2021 by $0.40, which was the closing price of the Common Shares on the TSX on that date.

(7) Based on the difference between the December 31, 2020 closing price of the Common Shares on the TSX of $0.48 per share and the grant price of the Option (as defined herein) in each instance where the closing price is greater than the grant price.

(8) Value of the outstanding RSUs (not including Cash RSUs as defined herein) was determined by multiplying the number of RSUs held by each director nominee as of March 15, 2021 by $0.40, which was the closing price of the Common Shares on the TSX on March 15, 2021.

(9) Mr. Alex R.N. MacAusland is not independent as he is the President and CEO of the Corporation.

(10) Mr. Alex R.N. MacAusland was granted Options and RSUs for serving as an officer of the Corporation.

(11) A portion of these Common Shares are held indirectly through MATCO Investments Ltd.

As at March 15, 2021, the directors and officers of Western, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 45,746,830 Common Shares, or approximately 50.2% of the issued and outstanding Common Shares, based on 91,200,072 issued and outstanding Common Shares. As at March 15, 2021, the directors and officers of Western, as a group, had outstanding stock options to purchase 3,506,970 Common Shares ("**Options**") and 424,649 equity settled restricted Common Share units ("**RSUs**").

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as set forth below, none of the proposed directors is, or has been in the last ten years: (a) a director, chief executive officer or chief financial officer of any company (including Western) that: (i) was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemptions under securities legislation, for a period of more than 30 consecutive days (each, an "**Order**"), that was issued while the proposed director was acting in that capacity; or (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or (b) a director or executive officer of any company (including Western) that, while that proposed director was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

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

None of the proposed directors has, within the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromises with creditors, or had a receiver manager or trustee appointed to hold his assets.

No proposed director has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

DIRECTOR COMPENSATION

Each director who is not an employee of Western receives an annual retainer of $60,000 to be inclusive of meeting fees. The independent Chair of the Board (the "**Board Chair**") is paid an additional retainer of $20,000 to be inclusive of meeting fees and a $15,000 additional annual retainer is paid to the Chair of the Audit Committee and a $10,000 additional annual retainer is paid to each of the Chair of the Corporate Governance and Compensation Committee and the Chair of the Health, Safety and Environment Committee.

Miscellaneous out-of-pocket expenses reasonably incurred by the directors in carrying out their duties are reimbursed by Western.

Director Compensation Table

The following table sets forth particulars concerning all amounts of compensation provided to the non-management directors for the year ended December 31, 2020.

Name(1)	Fees Earned ($)	Share-based Awards(2) ($)	Option-based Awards(3) ($)	Non-equity Incentive Plan Compensation ($)	Pension Value ($)	All Other Compensation ($)	Total ($)
Donald D. Copeland	70,000	7,317	7,732	-	-	-	85,049
Lorne A. Gartner	70,000	7,317	7,732	-	-	-	85,049
Ronald P. Mathison	80,000	9,755	7,732	-	-	-	97,487
John R. Rooney	75,000	7,317	7,732	-	-	-	90,049

Notes:

(1) Information for Mr. Alex R.N. MacAusland, President and Chief Executive Officer of Western, is provided under "*Compensation of Named Executive Officers - Summary Compensation Table*".

(2) Represents the fair value of the share-based awards granted during the 2020 fiscal year. The fair value of the share-based awards granted to directors pursuant to the RSU Plan (as defined herein) is a theoretical expected value calculated at the date of grant by multiplying the number of RSUs granted by the closing price of Common Shares on the date before the grant date. The closing price on the date before the grant of the RSUs in 2020 was $0.265.

(3) The grant date fair value of option-based awards granted to each director pursuant to the Option Plan (as defined herein) is $0.10 for options issued on August 25, 2020. The grant date fair value for compensation disclosure purposes is calculated using a Black-Scholes option pricing model with the following assumptions: (i) average risk-free of 0.26%; (ii) average expected life of 2.0 years; (iii) volatility of 72%; and (iv) expected dividend yield of 0%. This methodology is consistent with the method used to estimate the fair value of Options in Western's financial statements.

Summary of Board Meeting Attendance

Board and committee meeting attendance is outlined below. In addition, the following does not reflect the attendance by directors at meetings of committees of which they are not members. However, directors are encouraged to, and frequently do, attend various committee meetings even though they are not members of such committees.

Director	Board Meetings Attended		Audit Committee Meetings Attended		Corporate Governance and Compensation Committee Meetings Attended		Health, Safety and Environment Committee Meetings Attended	
Donald D. Copeland	5 of 5	100%	4 of 4	100%	5 of 5	100%	5 of 5	100%
Lorne A. Gartner	5 of 5	100%	4 of 4	100%	5 of 5	100%	5 of 5	100%
Alex R.N. MacAusland(1)	5 of 5	100%	N/A	N/A	N/A	N/A	5 of 5	100%
Ronald P. Mathison	5 of 5	100%	N/A	N/A	N/A	N/A	N/A	N/A
John R. Rooney	5 of 5	100%	4 of 4	100%	5 of 5	100%	5 of 5	100%

Notes:

(1) The foregoing does not reflect the attendance by the CEO at meetings of committees. The CEO is not a member of the Audit Committee or Corporate Governance & Compensation Committee, but was invited, by the respective chair of each committee, to attend the meetings of each such committee. Notwithstanding the attendance of the CEO at such meetings, each committee held an in camera session at each meeting without the CEO present.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth all awards outstanding at December 31, 2020 made to the non-management directors. Information on the share-based awards and option-based awards granted to Mr. Alex R.N MacAusland who currently serves as a director and officer of the

Corporation can be found in the section "*Compensation of Named Executive Officers" in the sub-section "Incentive Plan Awards"* under the heading "*Outstanding Share-Based Awards and Option-Based Awards*".

	Option Based Awards				Share-Based Awards (1)		
Name	**Number of Securities Underlying Unexercised Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Value of Unexercised in-the-money Options(2) ($)**	**Number of Shares or Units of Shares that have not Vested (#)**	**Market or Payout Value of Share-based Awards(3) ($)**	**Market or Payout Value of Vested Share-Based Awards not Paid Out or Distributed ($)**
Donald D. Copeland	11,500	3.30	Aug 15, 2021	-	43,420	20,842	-
	9,700	1.24	Aug 22, 2022	-			
	21,850	0.86	Aug 2, 2023	-			
	17,260	0.24	Aug 19, 2024	4,142			
	77,320	0.265	Aug 24, 2025	16,624			
Lorne A. Gartner	11,500	3.30	Aug 15, 2021	-	43,420	20,842	-
	9,700	1.24	Aug 22, 2022	-			
	21,850	0.86	Aug 2, 2023	-			
	17,260	0.24	Aug 19, 2024	4,142			
	77,320	0.265	Aug 24, 2025	16,624			
Ronald P. Mathison	11,500	3.30	Aug 15, 2021	-	57,886	27,785	-
	9,700	1.24	Aug 22, 2022	-			
	21,850	0.86	Aug 2, 2023	-			
	17,260	0.24	Aug 19, 2024	4,142			
	77,320	0.265	Aug 24, 2025	16,624			
John R. Rooney	11,500	3.30	Aug 15, 2021	-	43,420	20,842	-
	9,700	1.24	Aug 22, 2022	-			
	21,850	0.86	Aug 2, 2023	-			
	17,260	0.24	Aug 19, 2024	4,142			
	77,320	0.265	Aug 24, 2025	16,624			

Notes:

(1) Consists of RSUs, including Cash RSUs (as defined herein), granted pursuant to the RSU Plan (as defined herein).

(2) Based on the closing share price of the Common Shares on December 31, 2020 of $0.48.

(3) The fair value of the share-based awards granted to directors pursuant to the RSU Plan (as defined herein) is a theoretical expected value calculated by multiplying the number of RSUs held by the closing price of Common Shares on the calculation date of such RSUs, being $0.48 on December 31, 2020.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth particulars concerning each incentive plan awards granted to each of the non-management directors for the year ended December 31, 2020.

Name	**Option-Based Awards – Value Vested During the Year(1) ($)**	**Share-based Awards – Value Vested During the Year(2) ($)**	**Non-equity Incentive Plan Compensation – Value Earned During the Year ($)**
Donald D. Copeland	115	4,194	-
Lorne A. Gartner	115	4,194	-
Ronald P. Mathison	115	5,512	-
John R. Rooney	115	4,194	-

Notes:

(1) Represents the aggregate dollar value that would have been realized if the Options under the option-based award had been exercised on the vesting date based on the difference between the closing market price of the Common Shares on the vesting date and the exercise price of the Options.

(2) Includes RSUs and Cash RSUs, as applicable, the aggregate dollar value realized upon vesting of share-based awards. The value is based on the market value of the underlying Common Shares on the vesting date.

The significant terms of all incentive plan awards can be found in "*Securities Authorized for Issuance Under Equity Compensation Plans*" in this Information Circular.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Corporate Governance and Compensation Committee

The Board established the Corporate Governance and Compensation Committee which is responsible to review and make recommendations to the Board regarding the adequacy and form of the compensation for Western's officers and directors. The Corporate Governance and Compensation Committee regularly reviews the compensation practices of comparable companies.

In particular, the Corporate Governance and Compensation Committee: (a) reviews and approves, as required, Western's goals and objectives relevant to the compensation of the President and CEO and the CEO compensation is based on that review; (b) reviews and recommends to the Board compensation, incentive plans and equity-based plans for non-CEO officers and directors, and for other key employees as identified by the CEO and approved by the Corporate Governance and Compensation Committee, and in particular, reviews and recommends to the Board the annual bonus payments for the CEO and CFO; and (c) reviews executive compensation disclosure before Western publicly discloses such information.

The current members of the Corporate Governance and Compensation Committee are Lorne G. Gartner (Chair), John R. Rooney and Donald P. Copeland. In addition to their experience as members of the Corporate Governance and Compensation Committee of Western, all such members have significant experience in dealing with executive compensation matters as directors and/or senior leaders of other energy-related public companies and all of such members currently serve, or have served, on the compensation committee of the board of directors of other energy related public companies. The Board believes the Corporate Governance and Compensation Committee collectively have the knowledge, experience and background required to fulfill its mandate. The Corporation's corporate governance practices require that all members of its Corporate Governance and Compensation Committee shall be independent. None of the current members of the Corporate Governance and Compensation Committee are officers, employees or former officers of the Corporation or any of its affiliates or is eligible to participate in the Corporation's executive compensation programs. Each current member of the Corporate Governance and Compensation Committee is independent as defined under NI 52-110 and none received any compensation, directly or indirectly, from Western other than for services as a member of the Board and its committees, as applicable.

Relevant Education and Experience of Members of the Corporate Governance and Compensation Committee

Lorne A. Gartner (Chair)

Mr. Gartner is an independent businessman. From May of 2000 until March of 2006 he was the Managing Director of Royal Bank of Canada Capital Markets based out of Houston, Texas. In this position, Mr. Gartner was responsible for overseeing the bank's United States energy portfolio. Prior to that time, he was a Vice President of Royal Bank of Canada, Calgary Energy Group. Mr. Gartner has 39 years of banking experience in Canada and the United States with an excess of 20 years of experience in energy banking and has a Bachelor of Commerce Degree from the University of Alberta with a specialization in finance.

John R. Rooney

Mr. Rooney is an independent businessman and was the chair of the board and CEO of Northern Blizzard Resources Inc., a publicly traded crude oil and gas company, from November 2009 to June 2017 and was acting CEO from June 2017 to November 2017. From December 2007 to April 2009, Mr. Rooney was the CEO of TUSK Energy Inc. From 2005 to 2007, Mr. Rooney was the President and CEO of Zenas Energy Inc. Mr. Rooney is a Chartered Accountant and a Chartered Business Valuator.

Donald D. Copeland

Mr. Copeland is an independent businessman. Prior to joining the Board in June 2011, Mr. Copeland was the chair of the board of Stoneham Drilling Trust. Previously, he founded and served as the CEO, board chair and a director of a number of corporations, both in the producing sector and oilfield services sector of the crude oil and natural gas industry. Mr. Copeland received a Bachelor of Science degree in Chemical Engineering from the University of Calgary. He is a graduate of the Director's Education Program sponsored by the Institute of Corporate Directors.

Compensation Governance

The Corporate Governance and Compensation Committee is responsible for continually monitoring and evaluating the compensation programs for Western's CEO and CFO (collectively, the "**Senior Executives**") and for making recommendations to the Board relating to Western's compensation plans for, and the compensation of, the Senior Executives and Board members as well as the aggregate short-term incentive plan ("**STIP**") pool for a particular year. The Corporation's compensation philosophy is aimed at attracting and retaining quality and experienced people which is critical to Western's success for the benefit of its Shareholders.

Compensation for employees, including Senior Executives and NEOs (as defined in "*Compensation of Named Executive Officers – Summary Compensation Table*" below), is comprised of three elements: base salary, annual performance bonus (i.e. cash bonuses) and long-term incentive compensation pursuant to the Option Plan and the RSU Plan. The objective of the compensation program is to attract, retain and motivate employees to meet the Corporation's short and long-term business goals, as well as create alignment between pay and the results of the Corporation. The Corporation's program balances market competitive total compensation designed to achieve short-term profitability and growth with long-term shareholder value. The Corporate Governance and Compensation Committee reviews all three components in assessing the compensation of the Senior Executives. Salaries and bonuses are intended to provide current compensation and short-term incentive ("**STI**") for employees to encourage them to meet the Corporation's annual performance targets. Options and RSUs are granted as a long-term incentive ("**LTI**") and are designed to align with the benefit associated with the long-term appreciation in Western's share price performance.

The Corporate Governance and Compensation Committee considers and makes recommendations to the Board with respect to the Senior Executives' STI and LTI granted pursuant to the stock option plan ("**Option Plan**") and restricted share unit plan ("**RSU Plan**") (collectively, the "**LTIPs**"); and, if applicable, any provisions within their employment contracts with respect to the same. When making such recommendations, the Corporate Governance and Compensation Committee analyzes a number of factors, including, but not limited to: compensation data compiled from Western's peer group; corporate performance; and individual performance. In assessing corporate performance, Western has established certain financial and health and safety targets discussed below. In assessing the performance of individuals, consideration will be given to objective factors such as the level of responsibility, experience and expertise, as well as subjective factors such as leadership and individual contribution.

The Corporate Governance and Compensation Committee along with the Board continues to review and refine the Corporation's compensation policies and practices to ensure that they are competitive within the oilfield service industry and consistent with the goal of maximizing the performance of the Corporation while not incentivizing excessive risk taking.

Comparable Companies

Western compares the compensation of its Senior Executives and NEOs to the compensation provided to executives in comparable positions of a comparable group of Canadian oilfield service companies. The comparable group is selected based on the nature of the organization's business taking into consideration size, complexity and style of operation. The companies in this comparison group compete with Western for executive personnel and therefore provide a useful benchmark for the Corporate Governance and Compensation Committee in its evaluation of the compensation programs for the Senior Executives and NEOs. Western looks to the following primary market competitors in comparing its Senior Executive and NEOs compensation:

Akita Drilling Inc.	Precision Drilling Corporation
CWC Energy Services Corp.	Total Energy Services Inc.
Ensign Energy Services Inc.	

Independent Compensation Consultant

In 2019, Mercer (Canada) Limited ("**Mercer**") was retained and received fees for their annual total compensation survey for the energy sector.

Services Provided	Fees in 2020	Fees in 2019
Executive Compensation Related Fees	$ nil	$ nil
Other fees(1)	$ nil	$ 9,400

(1) Fees paid to Mercer for Western's participation in, and access to, the annual market surveys carried out by Mercer in Canada.

Executive Compensation Program

General

Western's executive compensation program is designed to reward Senior Executives and NEOs based on Western's overall performance and growth. The program balances annual rewards for achieving individual and corporate success on a short-term basis with equity-based LTIs (Options and RSUs) that are intended to reward the individual based on the long-term share price performance of Western.

Risk Oversight in Relation to Compensation Policies and Practices

As part of its annual review of the Corporation's executive compensation programs, the Corporate Governance and Compensation Committee takes into consideration a number of factors including an analysis to ensure that the compensation programs provide the Senior Executives incentive to achieve both short and long-term objectives without motivating them to take unnecessary risk. In particular, the Corporation notes the following factors which it believes should mitigate the likelihood that its Senior Executives will take unnecessary or excessive risk for the sake of enhanced rewards, including risks that are likely to have a material adverse effect on the Corporation:

- the aggregate annual performance STIP pool is calculated by management based upon the achievement of certain company-wide financial metrics and safety targets (See "*Components of Compensation – Annual Performance Short-Term Incentive Plan*" below). However the final aggregate STIP pool and the individual allocations are subject to Board discretion based on management recommendations;
- the Option Plan is designed so that Options vest over at least a three-year period and therefore encourages share price appreciation over the longer term. In doing so, the Corporate Governance and Compensation Committee believes this reduces the risk of actions which may have short-term advantages over long-term sustainable share price appreciation;
- the RSU Plan is designed so that RSUs and Cash RSUs (as defined below) vest over a three-year period and, with respect to RSUs which are treasury settled, encourages share appreciation over the longer term. As with the Option Plan, the Corporate Governance and Compensation Committee believes this reduces the risk of actions which may have short-term advantages over long-term sustainable share price appreciation;
- The Board has adopted an Incentive Compensation Clawback Policy concerning any incentive compensation received by an executive officer or former executive officer made under Western's annual and long-term incentive plans (see "Incentive Compensation and Clawback Policy" below); and
- Other than in the case of new hires, Western does not generally award off-cycle grants of Options or RSUs.

Anti-Hedging/Speculation Policies

In addition, the Corporation discourages short-term speculation on its shares. The Insider Trading Policy of the Corporation provides that no director, officer, employee or consultant of the Corporation shall engage in any of the following activities with respect to the securities of the Corporation:

- trading in securities of the Corporation on a short-term basis. Any Common Shares purchased on the open market must be held for a minimum of four months and ideally longer;
- purchase of Corporation securities on margin for the purpose of short-term speculation;
- short sales;
- buying or selling put or call options;
- purchasing financial instruments which are designed to hedge or offset a decrease in market value of equity securities granted by the Corporation as compensation or held, directly or indirectly, which financial instruments include but are not limited to, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly.

The Insider Trading Policy is available on the Corporation's website at www.wesc.ca.

Incentive Compensation Clawback Policy

Further, the Board has adopted an Incentive Compensation Clawback Policy concerning any incentive compensation received by an executive officer or former executive officer made under Western's annual and long-term incentive plans, including all equity and equity-based incentive compensation plans ("**Incentive-Based Compensation**"). The policy permits the board of directors, in instances where it determines it is in the Corporation's best interests to do so, to require reimbursement of all or a portion of Incentive-Based Compensation paid or granted to a current or former executive officer that: (a) was calculated based upon, or contingent on, the achievement of certain financial results that were subsequently the subject of or affected by a material restatement of all or a portion of Western's financial statements; and (b) the executive officer or former executive officer of Western engaged in intentional misconduct or fraud that caused or partially caused the need for the restatement, as admitted by the executive officer or former executive officer or, in the absence of such admission, as determined by a court of competent jurisdiction in a final judgment that cannot be appealed; and (c) the incentive compensation payment received would have been lower had the financial results been properly reported.

The Incentive Compensation Clawback Policy is available on the Corporation's website at www.wesc.ca.

Components of Compensation

The overall compensation program for employees, including the Senior Executives and NEOs, is comprised of three primary components:

Base Salaries and Benefits

Salary amounts are set giving consideration to the skills required to carry out the Corporation's business plan and how well the expertise and experience of these individuals fit with those requirements and the competitive marketplace. In addition, employees are provided benefits which include health and dental, short and long term disability and life insurance. As part of the benefits for employees in general, the Corporation has a matching plan ("**Matching Plan**") whereby employees are given the option to contribute from 2% to 5% of their base salary to the plan which will, at the option of the employee, allocate such amount to a Registered Retirement Savings Plan ("**RRSP**") or a Non-registered Savings Plan ("**NRSP**"). Contributions can be directed to purchase Common Shares or other designated securities available within the RRSP or NRSP and the Corporation will match RRSP or NRSP amounts and those matched funds will also be used for a RRSP or NRSP contribution. The foregoing is administered by a third party and such acquisitions of Common Shares can occur within the Matching Plan at any time.

Annual Performance Short-Term Incentive Plan

Employees are eligible to receive an annual cash bonus based upon a combination of corporate and individual performance. The Corporation's STIP is designed to reward eligible employees for performance against goals and objectives established at the beginning of the performance period. The STIP is structured to encourage and reward employees to maximize the Corporation's short-term results. Performance measures are established by management at the corporate level for all eligible employees annually and are then reviewed and approved by the Board. However, the actual STIP pool amount and the individual bonus are subject to the discretion of the Board.

The STIP Pool

Under the Corporation's compensation program, the target STIP pool is established by determining the total STIP target amounts for all the employees as recommended by management for the year. The total STIP amount is a multiple of the target STIP pool determined and recommended to the Board based on the following performance guidelines:

1. Return on capital employed ("**ROCE**"). ROCE is calculated by dividing the pre-bonus earnings of the Corporation before interest and taxes by the average capital employed which is calculated as the average current assets (excluding cash) plus average property and equipment, less average current liabilities (excluding interest, tax and bonus payable amounts); and

2. Total recordable incident frequency ("**TRIF**"). TRIF is a lagging indicator that determines the injury rate based on the number of recordable injuries and the total number of hours worked in a year. The foundation of the formula for calculating TRIF is defined by the Occupational Health & Safety Administration, a federal agency of the United States that regulates workplace safety and health. TRIF is calculated by multiplying the number of recordable injuries and illnesses incurred during the year by 200,000 and dividing that product by the total number of hours that were actually worked by employees. The "200,000" used in this calculation is the equivalent number of hours for 100 employees working 40 hours per week for 50 weeks. The overall annual TRIF which is determined at the end of the relevant year is based on the total number of recordable injuries for all divisions and the total hours worked for all divisions in the year.

Management believes the use of ROCE as a financial performance measure provides direct alignment with the interests of shareholders by providing a tangible financial target that must be met in order for employees to realize economic value under the STIP. Management also believes that the use of ROCE provides a balanced management approach that encourages prudent entrepreneurial risks and efficient capital deployment.

In addition to the financial performance measure, the Corporation also uses TRIF as a health and safety performance measure. The use of TRIF reinforces the Corporation's commitment to protect the health and safety of its employees, contractors, clients and other third party personnel in the communities in which the Corporation operates. The use of TRIF as a performance target also ingrains health and safety as a core part of the culture of the Corporation.

Upon final determination of the stated metrics compared to the established targets, the STIP pool and individual amounts to be paid to the Senior Executives as recommended by the Compensation Committee are provided to the Board for its review and approval.

In recent periods, giving consideration to the Corporation's financial position and industry conditions, the actual amount available for payment in respect of the STIP plan has been adjusted downward to an amount that the Board, upon recommendation of Management, determined is financially sustainable for the Company while also reflecting the Board's compensation philosophy.

The 2020 ROCE payout threshold was met and the TRIF target was exceeded. In accordance with the STIP plan, the target STIP payment amount for NEOs was $1,445,744. However, the actual STIP payment was reduced by the Board, upon recommendation of Management, to $556,000. In 2019, the ROCE payout threshold was met and the TRIF target was exceeded. In accordance with the STIP plan, the target STIP payment amount for NEOs was $1,554,613; however, the actual STIP payment was reduced by the Board, upon the recommendation of Management, to $614,500.

Long-Term Incentive Compensation

Options

Options are viewed as an effective incentive to balance directors, officers, employees and consultants' focus between short-term operating performance and profitable long-term growth, which should translate into share price appreciation for the benefit of shareholders. With Option grants vesting over time, they also should serve as an effective employee retention tool. Despite the dilutive aspect of Options, they directly align the interests of management and shareholders as the benefits derived from Options parallel the benefits realized by shareholders through share price appreciation. Options provide the potential for long-term rewards and above-average total compensation for superior, longer-term performance.

Existing or proposed directors, officers, employees and consultants are eligible to participate in the Option Plan. The Option Plan authorizes the Board to issue Options. Awards of Options are made from time to time to participants at varying levels consistent with the individual's position and responsibility. The Board approves Option grants as recommended by the Corporate Governance and Compensation Committee. Subject to any limitations imposed by any relevant stock exchange or regulatory authority, the exercise price of an Option granted under the Option Plan shall be determined by the Board (at the recommendation of the Corporate Governance and Compensation Committee), but the exercise price shall not be less than the closing trading price of Western's Common Shares on the trading day immediately prior to such date of grant. The Corporate Governance and Compensation Committee may recommend to the Board the time during which Options vest and the method of vesting, or that no such vesting restriction shall exist. In the absence of any such restriction as to vesting options granted vest at a rate of one third each on the grant date, first and second anniversaries of the date of grant, and shall have a maximum term of five years. The term and other provisions of the Options are subject to the terms of the Option Plan. Previous grants are not taken into account when considering new grants of Options.

RSUs

Existing or proposed directors, officers, employees and consultants are eligible to participate in the RSU Plan. The RSU Plan authorizes the Board to issue RSUs. Awards of RSUs are made from time to time to participants at varying levels consistent with the individual's position and responsibility. The Board approves grants as recommended by the Corporate Governance and Compensation Committee. Previous grants are not taken into account when considering new grants of RSUs. The term and other provisions of the RSU are subject to the terms of the RSU Plan. RSUs vest at a rate of one third each on the first, second and third anniversaries of the date of grant. Upon vesting RSUs can be settled at the sole discretion of the Board (at the recommendation of the Corporate Governance and Compensation Committee) through the issue of Common Shares from treasury or through purchase on the Toronto Stock Exchange, or settlement may be in the form of cash in which case the number of vested RSUs would be multiplied by the vesting date share price to determine the quantum of the cash settlement (for clarity, RSUs settled with Common Shares are referred to herein as "RSUs" while those settled in cash will be referred to as "Cash RSUs", Cash RSUs are not considered dilutive).

Performance Analysis

The graph below illustrates Western's share performance over the last five years.

Share Price Performance Graph since 2016

The following graph compares the cumulative total return on Western's Common Shares from January 1, 2016 to December 31, 2020 with the S&P/TSX composite index and the S&P/US oil & gas equipment & services select industry index for the same period. It assumes an initial investment of $100 on December 31, 2015, with all dividends reinvested.

	SYMBOL	31-Dec-15 ($)	31-Dec-16 ($)	31-Dec-17 ($)	31-Dec-18 ($)	31-Dec-19 ($)	31-Dec-20 ($)
Western Common Shares	WRG	100.00	81.18	33.00	11.78	7.33	12.57
S&P/TSX Composite Index	^TSX	100.00	121.08	132.09	120.36	147.89	156.17
S&P/US oil & gas equipment & services select industry index	^XES	100.00	125.29	97.14	51.01	45.92	25.55

Share Price Performance in Relation to Executive Compensation

Each of the following three NEOs, being Alex R.N. MacAusland, Jeffrey K. Bowers and J. Aaron MacAusland have been with the Corporation since before December 31, 2014. The other two NEOs, being Jack R. Pepper and Peter J. Balkwill have been with the Corporation since before April 30, 2015. Over the period of December 31, 2014 to December 31, 2020, Western's drilling rig fleet increased from 53 to 57 drilling rigs, making Western the fourth largest contract drilling contractor in Canada (based on the number of rigs currently registered with the Canadian Association of Oilwell Drilling Contractors ("**CAODC**") and further diversified into the United States. In 2015, Western successfully completed a significant capital build program. In 2018 and 2019, Western established operations in the Permian basin in the United States, acquiring and re-furbishing one rig and re-deploying an underutilized Canadian rig. Over this same time period, the well servicing rig fleet has remained steady, increasing by one well servicing rig to total 66 service rigs at December 31, 2020. In late 2018, the well servicing division established operations in California by re-deploying three underutilized rigs from its Canadian fleet.

A significant crude oil and natural gas price decline started in June 2014. The low commodity price environment drove a significant reduction in drilling activity in Canada, continuing through the first half of 2017 and reaching bottom in 2016. Operators remained focused on shareholder returns and debt repayment, further constraining capital spending. Global crude markets received some support with OPEC intervention in 2017 and there was a modest increase in operator capital spending. However, in October 2018, continued production growth from shale oilfields in the United States and a lower than anticipated reduction in exports from Iran resulted in higher than expected global crude oil supply, which put considerable pressure on crude oil pricing. This pricing pressure was compounded in Canada as refinery maintenance and crude oil egress limitations resulted in record wide differentials for Canadian realized crude oil prices. In response to the situation facing oil producers in Alberta, the Government of Alberta mandated an oil production curtailment which is gradually being relaxed. This narrowed the pricing differential however, the curtailment significantly suppressed industry drilling activity in 2019. Given the challenges facing the Corporation's customers in Canada, Western established operations in the Permian basin and Bakersfield, California as described above. This expansion allowed for increased market diversification and provides a platform that will allow Western to grow if demand warrants.

In March 2020, the World Health Organization declared a global pandemic as a result of the COVID-19 outbreak, which led to demand destruction worldwide as countries implemented emergency measures such as lockdowns, to prevent the spread of the COVID-19 virus. The significant decrease in global demand for crude oil, coupled with an international price war, resulted in historic lows and increased volatility in crude oil prices. The current economic environment and the ongoing pandemic is continuing to impact the Company and the full extent of the impact is unknown, as it will depend on the duration of the pandemic and its resulting impact on the economy and international markets.

Over this period, Western continued to focus on cost management, profitability and balance sheet preservation, navigating within the constraints of the depressed Canadian industry environment and the demand destruction caused by the COVID-19 pandemic. Overhead and administrative support levels were downsized to match activity levels, maintenance capital was carefully managed and expansion capital was limited to projects with compelling returns and rapid payback.

During the first quarter of 2018, the Corporation successfully re-financed its Senior Notes, by re-paying the $265.0 million 7⅞% Senior Notes with a combination of a single draw on a new $215.0 million 7.25% Second Lien Facility, cash on hand and funds available under the Corporation's existing Credit Facilities. The re-financing reduced interest costs, improved total debt metrics and extended long term debt maturity to January 31, 2023. In the fourth quarter of 2018, the Corporation voluntarily decreased the borrowing limit on its Revolving Facility from $70.0 million to $50.0 million in Q4 2018, reducing interest costs. In conjunction with the rightsizing of the Credit Facilities, the Corporation removed the debt service coverage ratio, increasing financial flexibility.

On December 31, 2020, the Company amended the terms and extended the maturity of the Credit Facilities to July 1, 2022 and obtained covenant relief for the third and fourth quarters of 2021. In conjunction with the amended Credit Facilities, Western obtained a $12.5 million committed term non-revolving facility (the "**HSBC Facility**") with the participation of Business Development Bank of Canada ("**BDC**") under BDC's Business Credit Availability Program ("**BCAP**"). The BCAP program was implemented to help small and medium sized companies, directly impacted by the COVID-19 pandemic, by providing additional liquidity to cover operating costs. The Company used the proceeds to fund its January 2021 interest and principal payments under the Second Lien Facility, and the remaining funds will be used for future interest and principal payments to Alberta Investment Management Corporation.

Western's Corporate Governance and Compensation Committee believes that the compensation paid to the NEOs in 2020 was appropriate considering the challenges associated with the ongoing COVID-19 pandemic on Western's operations and management's ability to navigate the market uncertainty during 2020, while managing capital, operating and overhead expenditures to preserve the balance sheet, combined with reduced staffing levels and more responsibility placed on remaining employees. The Share Price Performance Graph since 2015 set forth above and the Summary Compensation Table set forth below demonstrate the correlation that exists between the compensation paid to Western's NEOs and Western's total shareholder return ("**TSR**") over the three-year period.

Senior Executives' total reported (versus realizable) compensation over the past five years has trended down in conjunction with Western's TSR, and the impact on Western's TSR from the decline in the share prices of North American oilfield service companies throughout the period to 2019 is reflected in the difference between the realizable and reported compensation of Western's CEO and CFO as illustrated in the tables on page 26. Compensation for the NEOs also reflects the high level of variable pay, both short and long term, which forms part of the total compensation program for the Corporation's executives.

COMPENSATION OF NAMED EXECUTIVE OFFICERS

Summary Compensation Table

Securities legislation requires the disclosure of the compensation received by the NEOs of the Corporation for the three most recently completed financial years. "**NEO**" or "**Named Executive Officer**" is defined by the legislation to mean (i) each of the Chief Executive Officer and Chief Financial Officer of the Corporation, regardless of the amount of compensation of that individual, (ii) each of the Corporation's three most highly compensated executive officers or individuals acting or in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, who were serving as executive officers at the end of the most recently completed financial year and whose total compensation and bonus exceeds $150,000, and (iii) any additional individual for whom disclosure would have been provided under (ii) but for the fact that the individual was not serving as an executive officer of the Corporation at the end of the most recently completed financial year end of the Corporation.

An "**executive officer**" is defined by the legislation to mean (i) the Board Chair of the Corporation, (ii) a vice chair of the Board of the Corporation, (iii) the President of the Corporation, (iv) a vice president of the Corporation in charge of a principal business unit, division or function, such as sales, finance or production, or (v) an officer of the Corporation or any of its subsidiaries or any other person who performed a policy-making function in respect of the Corporation.

During the financial year ended December 31, 2020, there were five NEOs being Alex R.N. MacAusland, President and Chief Executive Officer; Jeffrey K. Bowers, Senior Vice President, Finance, Chief Financial Officer and Corporate Secretary; Jack R. Pepper, Vice President, Operations and Business Development, Stoneham Drilling; Peter J. Balkwill, Vice President, Finance; and J. Aaron MacAusland, General Manager, Horizon Drilling.

The following table sets forth all annual and long-term compensation information concerning the total compensation paid to the NEOs.

Name and Principal Position	Year	Salary ($)	Share-based Awards[2] ($)	Option-based Awards[3] ($)	Non-equity incentive Plan Compensation[4] ($)	Pension Value ($)	All Other Compensation[5] ($)	Total Compensation ($)
Alex R.N. MacAusland[1] President and Chief Executive Officer	2020	525,000	19,091	40,000	250,000	-	82,097	916,188
	2019	525,000	9,379	23,492	250,000	-	90,018	897,889
	2018	525,000	39,199	92,953	350,000	-	74,028	1,081,180
Jeffrey K. Bowers Senior Vice President Finance, Chief Financial Officer and Corporate Secretary	2020	375,000	13,637	30,000	200,000	-	72,597	691,234
	2019	375,000	6,698	16,780	200,000	-	69,749	668,227
	2018	375,000	27,993	66,395	300,000	-	57,819	827,207
Jack R. Pepper Vice President, Operations and Business Development, Stoneham Drilling	2020	305,568	4,365	10,545	-	-	100,037	420,515
	2019	311,712	2,143	5,370	50,000	-	87,776	457,001
	2018	327,408	8,961	21,245	67,872	-	81,852	507,338
Peter J. Balkwill Vice President, Finance	2020	245,000	7,129	11,352	51,000	-	35,485	349,966
	2019	245,000	3,502	8,770	50,000	-	40,450	347,722
	2018	245,000	14,637	34,703	72,455	-	42,063	408,858
J. Aaron MacAusland General Manager, Horizon Drilling	2020	232,500	4,227	10,545	55,000	-	19,490	321,762
	2019	232,500	2,076	5,202	50,000	-	19,112	308,890
	2018	232,500	8,677	34,703	52,314	-	26,457	354,651

Notes:

(1) Mr. Alex R.N. MacAusland is not compensated for his role as a director of the Corporation.

(2) Includes RSUs and Cash RSUs and represents the fair value of the share-based awards granted during the year. The fair value of the share-based awards granted to NEOs pursuant to the RSU Plan is a theoretical expected value calculated at the date of grant by multiplying the number of RSUs granted by the closing prices of the Common Shares on the date before the applicable calculation date, being each of the following values: $0.265 for RSUs issued on August 25, 2020, $0.24 for RSUs issued on August 20, 2019 and $0.86 for RSUs issued on August 3, 2018.

(3) The grant date fair value of option-based awards granted to NEOs pursuant to the Option Plan is $0.10 on August 25, 2020, $0.08 on August 20, 2019 and $0.25 for Options issued on August 3, 2018. The grant date fair value of Options issued in 2020 for compensation disclosure purposes is calculated using a Black-Scholes option pricing model with the following assumptions: (i) average risk-free interest rate of 0.26%; (ii) average expected life of 2.0 years; (iii) volatility of 72%; and (iv) expected dividend yield of 0%. This methodology is consistent with the method used to estimate the fair value of Options in Western's financial statements.

(4) These represent annual cash bonuses in respect of the particular fiscal year. There are no non-equity long-term incentive plans.

(5) All Other Compensation for each of the NEOs is comprised of the following elements: Mr. Alex R.N. MacAusland: monthly car allowance, monthly parking, physical wellness allowance and RRSP contributions; Mr. Bowers: monthly car allowance, monthly parking, physical wellness allowance and RRSP contributions; Mr. Pepper: monthly car allowance, monthly living allowance and 401k contributions; Mr. Balkwill: monthly car allowance, monthly parking, physical wellness allowance, and RRSP contributions; and Mr. J. Aaron MacAusland: vehicle, physical wellness allowance, and RRSP contributions.

(6) Mr. Pepper's compensation has been translated into Canadian dollars from US dollars using the following closing exchange rates: December 31, 2020: 1.2732, December 31, 2019: 1.2988 and December 31, 2018: 1.3642.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth all awards outstanding at December 31, 2020 made to the NEOs.

	Option-Based Awards				Share-Based Awards[3]		
Name	**Number of Securities Underlying Unexercised Options[1] (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Value of Unexercised in-the-money Options[2] ($)**	**Number of Shares or Units of Shares that have not Vested (#)**	**Market or Payout Value of Share-based Awards that have not Vested[4] ($)**	**Market or Payout Value of Value Vested Share-Based Awards not Paid out or Distributed ($)**
Alex R.N. MacAusland President and Chief Executive Officer	199,500	3.30	Aug 15, 2021	-	113,286	54,377	-
	164,600	1.24	Aug 22, 2022	-			
	371,810	0.86	Aug 2, 2023	-			
	293,650	0.24	Aug 19, 2024	70,476			
	400,000	0.265	Aug 24, 2025	86,000			
Jeffrey K. Bowers Senior Vice President Finance, Chief Financial Officer and Corporate Secretary	150,000	3.30	Aug 15, 2021	-	80,917	38,840	-
	117,600	1.24	Aug 22, 2022	-			
	265,580	0.86	Aug 2, 2023	-			
	209,750	0.24	Aug 19, 2024	50,340			
	300,000	0.265	Aug 24, 2025	64,500			

Jack Pepper, Vice President, Operations and Business Development, Stoneham Drilling	29,250 29,700 84,980 67,120 105,450	3.30 1.24 0.86 0.24 0.265	Aug 15, 2021 Aug 22, 2022 Aug 2, 2023 Aug 19, 2024 Aug 24, 2025	- - - 16,109 22,672	25,896	12,430	-
Peter J. Balkwill Vice President, Finance	60,500 61,500 138,810 109,630 113,520	3.30 1.24 0.86 0.24 0.265	Aug 15, 2021 Aug 22, 2022 Aug 2, 2023 Aug 19, 2024 Aug 24, 2025	- - - 26,311 24,407	42,300	20,304	-
J. Aaron MacAusland General Manager, Horizon Drilling	32,500 29,700 82,330 65,020 105,450	3.30 1.24 0.86 0.24 0.265	Aug 15, 2021 Aug 22, 2022 Aug 2, 2023 Aug 19, 2024 Aug 24, 2025	- - - 15,605 22,672	25,080	12,038	

Notes:

(1) Options to purchase Common Shares.
(2) Based on the closing share price of the Common Shares on December 31, 2020 of $0.48.
(3) Consists of RSUs and Cash RSUs pursuant to the RSU Plan.
(4) The fair value of the share-based awards granted to NEOs pursuant to the RSU Plan is a theoretical expected value calculated by multiplying the number of RSUs held by the closing price of the Common Shares on the calculation date, being $0.48 on December 31, 2020.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth particulars concerning each incentive plan award granted to each of the NEOs for the year ended December 31, 2020.

Name	Option-Based Awards – Value Vested During the Year(1) ($)	Share-based Awards – Value Vested During the Year(2) ($)	Non-equity Incentive Plan Compensation – Value Earned During the Year ($)
Alex R.N. MacAusland President and Chief Executive Officer	1,958	14,198	250,000
Jeffrey K. Bowers Senior Vice President Finance, Chief Financial Officer and Corporate Secretary	1,398	10,138	200,000
Jack Pepper, Vice President, Operations and Business Development, Stoneham Drilling	447	2,907	-

Peter J. Balkwill Vice President, Finance	731	5,299	51,000
J. Aaron MacAusland General Manager, Horizon Drilling	433	2,856	55,000

Notes:

(1) Represents the aggregate dollar value that would have been realized if the Options under the option-based award had been exercised on the vesting date based on the difference between the closing market price of the Western's Common Shares on the vesting date and the exercise price of the Options.

(2) Represents the aggregate dollar value realized upon vesting of share-based awards which includes RSUs and Cash RSUs. The value is based on the market value of the underlying Common Shares on the vesting date.

Reported vs. Realizable Compensation

The tables below show Messrs. MacAusland and Bowers' long-term incentive awards compared to their actual payouts for the past five years and the point-in-time estimates of the unpaid balance (or gain in the case of options).

Alex R.N. MacAusland Long-term Incentive Compensation (RSUs and Options)	**2016 ($)**	**2017 ($)**	**2018 ($)**	**2019 ($)**	**2020[2] ($)**
Grant Value Reported	224,985	160,000	132,152	32,871	59,091
Paid in 2016	-	-	-	-	-
Paid in 2017	7,531	-	-	-	-
Paid in 2018	4,980	25,067	-	-	-
Paid in 2019	1,170	6,010	4,023	-	-
Paid in 2020	-	7,143	3,799	3,257	-
Total Paid	**13,681**	**38,220**	**7,822**	**3,257**	**-**
Estimated unvested/unexercised value[1]	-	-	7,293	82,981	120,579
Total paid plus unvested/unexercised value	**13,681**	**38,220**	**15,114**	**86,238**	**120,579**
Total paid plus unvested value as a % of grant value reported	6%	24%	11%	262%	204%
Net realizable compensation from Grant Value Reported	(211,304)	(121,780)	(117,038)	53,367	61,488

Jeffrey K. Bowers Long-term Incentive Compensation (RSUs and Options)	**2016 ($)**	**2017 ($)**	**2018 ($)**	**2019 ($)**	**2020[2] ($)**
Grant Value Reported	167,400	114,260	94,388	23,478	43,637
Paid in 2016	-	-	-	-	-
Paid in 2017	5,439	-	-	-	-
Paid in 2018	3,597	17,896	-	-	-
Paid in 2019	845	4,291	2,873	-	-
Paid in 2020	-	5,100	2,713	2,326	-
Total Paid	**9,881**	**27,287**	**5,586**	**2,326**	**-**
Estimated unvested/unexercised value[1]	-	-	5,208	59,271	89,201
Total paid plus unvested/unexercised value	**9,881**	**27,287**	**10,794**	**61,597**	**89,201**
Total paid plus unvested value as a % of grant value reported	6%	24%	11%	262%	204%
Net realizable compensation from Grant Value Reported	(157,519)	(86,973)	(83,594)	38,119	45,564

Notes:

(1) The estimated unvested values represent the value of unvested RSUs and Cash RSUs and in-the-money unexercised Options calculated using the closing trading price of the Common Shares on the TSX on December 31, 2020 ($0.48). These are point-in-time estimations and can vary significantly depending on changes in share price.

(2) As at March 15, 2021 no RSUs or Options granted in 2020 had vested.

Termination and Change of Control Benefits

Messrs. MacAusland and Bowers (hereinafter the "**Subject Employee**" or "**Subject Employees**") are subject to terms of employment which continue indefinitely and provide for payment of the Subject Employee's annual base salary and participation in certain benefits provided by the Corporation until the employment agreement is terminated. The employment agreements contain provisions providing for the payment by the Corporation to the Subject Employees of certain amounts and benefits in the event of termination and in the event of a "change of control", as described below.

The Corporation is entitled to terminate the employment agreement with either Subject Employee at any time for just cause and is then obligated to pay such Subject Employee's gross salary through to the termination date, any bonus declared but not yet paid, accrued and unused vacation and outstanding expense reimbursements. Either of the Subject Employees may terminate his employment by giving 30 days' written notice.

The Corporation has a right to terminate either of the Subject Employees' employment agreement by paying to the Subject Employee a severance amount (the "**Severance Amount**") equal to (i) 24 months' annual salary, (ii) 20% of amount referenced in (i) as compensation for lost benefits and perquisites, and (iii) the greater of, two times the average of the amount awarded to the Subject Employee as a bonus pursuant to the Corporation's bonus plan in respect of the two most recently completed performance years or two times annual salary. Either of the Subject Employees will be entitled to treat his employment as being "terminated without cause", and be entitled to the Severance Amount, if the Corporation unilaterally makes material changes the Subject Employee's position or duties, title or office, which includes any removal from or failure to re-elect or re-appoint the Subject Employee to any positions or offices, or if the Corporation reduces the Subject Employee's annual salary or the Subject Employee's other remuneration or responsibilities taken as a whole ("**Good Reason**"), unless such changes are made with the consent of the Subject Employee. The executive employment agreements contain standard non-solicitation provisions that prohibit the Subject Employees from soliciting Western's employees or customers for one year following the cessation of employment. Furthermore, for one year following the cessation of employment, the Subject Employee is prohibited from (i) making an offer for shares or assets of Western; (ii) soliciting proxies to complete an offer for shares or the assets of Western; and (iii) instituting any type of shareholder proposal.

In the event of a change of control (as defined below), each of Subject Employees is entitled to the Severance Amount if (i) his employment is terminated by the Corporation without cause within 60 days of the date of a Change of Control; or (ii) Good Reason exists, then the Subject Employee may provide 30 days written notice of his intent to terminate his employment within 60 days of the date of the Change of Control and the existence of Good Reason.

The executive employment agreements define a "**Change of Control**" as follows: (i) the purchase or acquisition of Common Shares and/or securities convertible into Common Shares or carrying the right to acquire Common Shares ("**Convertible Securities**") as a result of which a person, group of persons or persons acting jointly or in concert, or any affiliates or associates of any such person, group of persons or any of such persons acting jointly or in concert (collectively the "**Holders**") beneficially own or exercise control or direction over Common Shares and/or Convertible Securities such that, assuming after the conversion of the Convertible Securities beneficially owned by the Holders thereof, would have the right to cast more than 30% of the votes attached to all Common Shares; (ii) an amalgamation, arrangement, merger or other consolidation or combination of the Corporation with another entity pursuant to which the shareholders of the Corporation immediately thereafter do not own securities of the successor or continuing entity which would entitle them to cast more than 50% of the votes attaching to all of the Common Shares; (iii) a liquidation, dissolution or winding up of the Corporation; (iv) the sale, lease or exchange of all or substantially all of the assets of the Corporation; (v) the election at a meeting of the Corporation's shareholders of a number of directors, who were not included in the slate for election as directors approved by the prior Board, and would represent a majority of the Board; (vi) the appointment of a number of directors which would represent a majority of the Board and which were nominated by any holder of voting shares of the Corporation or by any group of holders of voting shares of the Corporation acting jointly or in concert and not approved by the Corporation's prior Board; or (vii) a determination by the Board that there has been a change, whether by way of a change in the holding of Common Shares, or otherwise in the ownership of the Corporation's assets or by any other means, as a result of which any person or group of persons acting jointly or in concert is in a position to exercise effective control of the Corporation.

The table below sets out an estimated aggregate amount that each of Messrs. MacAusland and Bowers would have been entitled to receive if he had been terminated without cause, or if Good Reason exists following the occurrence of a Change of Control, on December 31, 2020.

Name	Annual Salary Component ($)	Loss of Benefits and Perquisites Component ($)	Loss of Bonus Component ($)	Total Severance Amount ($)
Alex R.N. MacAusland	1,050,000	210,000	1,050,000	2,310,000
Jeffrey K. Bowers	750,000	150,000	750,000	1,650,000

The table below sets out an estimated aggregate amount that each NEO would have been entitled to receive upon the occurrence of a Change of Control on December 31, 2020, pursuant to the accelerated vesting provisions of the Option Plan and RSU Plan.

Name	Option-Based Award Payments ($)(1)	Share-Based Award Payments ($)(2)
Alex R.N. MacAusland	156,476	54,377
Jeffrey K. Bowers	114,840	38,840
Jack R. Pepper	38,781	12,430
Peter J. Balkwill	50,718	20,304
J. Aaron MacAusland	38,277	12,038

Notes:

(1) Upon the occurrence of a change of control and the termination of the NEO's employment without cause or by the employee for Good Reason (as defined in the Option Plan), in either case within 12 months of such change of control, all unvested Options as at December 31, 2020 would immediately vest and be paid to the NEO in accordance with the Option Plan. See "*Securities Authorized for Issuance under Equity Compensation Plans – Long-Term Incentive Equity* Plans". The amount represents the total value of unexercised Options that are in-the-money based on $0.48, the closing price of the Common Shares on the TSX on December 31, 2020.

(2) Upon the occurrence of a change of control and the termination of the NEO's employment without cause or by the employee for Good Reason (as defined in the RSU Plan), in either case within 12 months of such change of control, all unvested RSUs and Cash RSUs as at December 31, 2020 would immediately vest and be paid to the NEO in accordance with the RSU Plan. See "*Securities Authorized for Issuance under Equity Compensation Plans – Long-Term Incentive Equity* Plans". The amount represents the estimated market value of the outstanding RSUs and Cash RSUs as at December 31, 2020 based on $0.48, the closing price of the Common Shares on the TSX on December 31, 2020.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Long-Term Incentive Equity Plans

In order to attract and retain qualified personnel and provide incentives and rewards to the directors, officers, employees and consultants of Western, the Board has adopted long-term incentive equity plans which include the Option Plan and the RSU Plan.

The Option Plan authorizes the Board to grant Options to purchase Common Shares to directors, officers, employees and consultants of Western.

The RSU Plan authorizes the Board to issue RSUs which entitle the holder to either receive, at the Board's discretion, one Common Share or the cash equivalent of the fair market value of one Common Share to directors, officers, employees and consultants of Western.

Under the Option Plan and the RSU Plan, the aggregate number of Common Shares issuable upon exercise of Options granted thereunder may not exceed 10% of the issued and outstanding Common Shares from time to time and up to 5% of the Shares will be allocated to the RSU Plan for treasury settled RSUs and the Common Shares reserved for issuance to any one person shall not exceed 5% of the outstanding Common Shares from time to time.

Summary of Option Plan

The following is a summary of the Option Plan.

This summary is qualified in its entirety by reference to the full text of the Option Plan, which was filed on May 1, 2017 under Western's profile at www.sedar.com.

Purpose

The purpose of the Option Plan is to develop the interest of existing or proposed directors, employees and consultants of Western and its subsidiaries and other persons who provide ongoing management or consulting services to Western or its subsidiaries in the growth and development of Western by providing them with the opportunity through share purchase options to acquire an increased proprietary interest in Western.

Participation Limits

The Option Plan provides that the number of Common Shares issuable pursuant to Options granted shall not exceed 10% of the aggregate number of issued and outstanding Common Shares at any given time. The number of Common Shares issuable to insiders pursuant to Options granted under the Option Plan and any other security based compensation arrangement at any time may not exceed 10% of the outstanding Common Shares, and the number of Common Shares issued to insiders, within any one year period, under the Option Plan and any security based compensation arrangement may not exceed 10% of the outstanding Common Shares. The maximum number of Common Shares that may be issued to any one participant under the Option Plan is 5% of the outstanding Common Shares.

The maximum number of Common Shares issuable to non-employee directors under the Option Plan shall not exceed 1% of the total number of Common Shares outstanding from time to time and the total annual grant to any one non-employee director shall not exceed an annual equity value of $100,000 to each non-employee director (based on a Black-Scholes calculation). Grants of Options and grants under any other security based compensation arrangement to non-employee directors shall not exceed an annual equity value of $150,000 to each non-employee director (based on a Black-Scholes calculation).

Number of Common Shares Issued and Issuable

As of December 31, 2020, there were 7,464,687 Options issued and outstanding, representing 8.2% of the issued and outstanding Common Shares. Accordingly, as at December 31, 2020 when combined with the total number of Common Shares reserved for issuance under the RSU plan there were approximately 407,665 unallocated Options available for issuance under the Option Plan representing approximately 0.4% of the issued and outstanding Common Shares. The Corporation's annual burn rate, as calculated in accordance with Section 613(p) of the TSX Company Manual, under the Option Plan was as follows:

	2020	**2019**	**2018**
Total Options Granted	2,484,600	2,221,410	2,906,040
Weighted average number of Common Shares	91,253,251	92,379,902	92,224,585
Annual burn rate(1)	2.7%	2.4%	3.2%
Annual Option exercise rate(2)	0.0%	0.0%	0.0%

Notes:

(1) The burn rate is calculated based on the total number of Options granted in the year divided by the weighted average number of Common Shares issued and outstanding during the year.

(2) The exercise rate is calculated based on the total number of Options exercised divided by the weighted average number of Common Shares issued and outstanding during the year.

No Common Shares were issued pursuant to the Option Plan during the financial years ended December 31, 2020, 2019 or 2018.

Granting of Options

The Option Plan provides that, at the time of granting an Option under the Option Plan, the Board (or a committee thereof) will determine the exercise price when such Option is granted subject to any limitations imposed by any relevant stock exchange or regulatory authority and the exercise price shall not be less than an amount equal to the market value of the Common Shares. The market value is defined in the Option Plan as the closing price on the trading day prior to the date of grant on the TSX. As well, the Board (or a committee thereof) will determine, at the time of granting an Option under the Option Plan, the expiry date of each Option (not to exceed 5 years after the date of grant) and the extent to which each Option vests.

Vesting

The Board (or a committee thereof) may, in its sole discretion, determine the time during which Options shall vest and the method of vesting, or that no vesting restriction shall exist. In the absence of any such determination as to vesting, vesting shall be as to 1/3 on the first anniversary of the date of grant, 1/3 on the second anniversary of the date of grant and 1/3 on the third anniversary of the date of grant.

The Board has resolved that vesting provisions for Options granted by Western shall vest 1/3 on the first anniversary of the date of grant, 1/3 on the second anniversary of the date of grant and 1/3 on the third anniversary of the date of grant.

Change of Control, Amalgamation or Sale

If an optionee ceases to be a participant of the Option Plan as a result of a Change of Control and the termination of such optionee's employment with Western either (i) by Western without Just Cause; or (ii) by the optionee for Good Reason (as such terms are defined in the Option Plan). In either case in connection with or within 12 months of such Change of Control, the vesting date for all outstanding Options held by such optionee shall be deemed to have occurred on the date notice of termination of employment by the optionee is given by Western or on the date such notice is given by the optionee to Western, as the case may be.

In the event of a Change of Control of the Corporation, a participant in the Option Plan shall be entitled to make an offer to the Corporation for the disposition and surrender of their Options for an amount (not to exceed the fair market value) specified therein and the Corporation may (but is not obligated to) accept such offer subject to regulatory approval. If the offer is accepted, the Options in respect of which the offer relates shall be surrendered and deemed to be terminated and cancelled and shall cease to grant its former holder any further rights thereunder upon payment of the amount agreed to by the participant and Western.

The Option Plan also states that if Western amalgamates with another entity or sells all or substantially all of its assets in exchange for shares of another entity, Western shall make provision that upon exercise of an Option following the effective date of such transaction, the holders of Options shall receive shares in the successor entity on the same basis the Option holder would have received if the Option holder had purchased shares of Western immediately prior to the amalgamation or sale and that upon making such provision the obligation of the Corporation to the holders of Options in respect of the Common Shares subject to the Option shall terminate. Any adjustments or any determinations as to fair market value of any securities pursuant to the foregoing shall be made by the Board (or a committee thereof), and any reasonable determination made by the Board (or a committee thereof) shall be binding and conclusive.

Take-over Bid

If the Board approves a take-over bid of Western by another entity, unvested Options held shall accelerate to allow holders to exercise their Options to tender shares issuable pursuant thereto to the bid but shall be deemed not to have been issued if the bid is not successful. If such an approved take-over bid occurs, an Option holder has the right to exercise all of their Options; however, any Options not yet vested and exercisable may only be purchased for tender pursuant to the take-over bid. If an Option holder does not exercise and tender to the bid, the Options outstanding after the bid may be cancelled by paying the holder the difference between the exercise price and the fair market value of the securities the Option holder would have received if their Options had been exercised.

Additional Terms

If an Option holder ceases to be an employee or a director of Western, or providing ongoing management or consulting services to Western, as the case may be, the Option shall terminate on a date set forth in the Option agreement, such date not to be in excess of six months from the date of such termination. The Option Plan states each Option shall provide that upon the death of an optionee, the Option shall terminate on a date determined by the Board (or a committee thereof), which shall not be more than 12 months from the date of death and, in the absence of such determination, such date shall be 6 months from the date of death. The Option Plan does not provide for any assignability of Options.

Western does not provide financial assistance to plan participants in connection with the Option Plan.

Amendments

The Option Plan also provides that the Board may, in its sole discretion and without further approval of the shareholders of Western, amend, suspend, terminate or discontinue the Option Plan and may amend the terms and conditions of Options granted under the Option Plan, subject to any required approval of any regulatory authority or applicable stock exchange. Subject to any required regulatory approval of any regulatory authority or stock exchange, the Board may at any time alter, amend or vary the Option Plan without the approval of the shareholders of Western if the alteration, amendment or variance does not: (a) increase the number of shares that can be issued under the Option Plan; (b) reduce the exercise price of an outstanding Option except for the normal anti-dilution provisions whereby option values are maintained in connection with a subdivision, consolidation, conversion, reclassification, re-division or re-designation of Common Shares or a reorganization, amalgamation, consolidation, merger, takeover bid or similar transaction involving Western; (c) extend the expiry date of an outstanding option or amend the Option Plan to permit the grant of an option with an expiry date of more than five years from the grant date; (d) allow for the transfer of Options, except if the transfer is to an entity controlled by the Option holder, a charity or for estate planning or estate settlement purposes; (e) expand the categories of individuals eligible to participate in the Option Plan; (f) amend the Option Plan to remove or exceed participation limits of non-employee directors; or (g) amend the Option Plan to provide for other types of compensation through equity issuance.

Summary of RSU Plan

The following is a summary of the RSU Plan for the year ended December 31, 2020. In 2016, the Board adopted the RSU Maximum Issuance Amendment and the Administrative RSU Plan Amendments both of which approved by shareholders of the Corporation in 2017.

This summary is qualified in its entirety by reference to the full text of the RSU Plan, which was filed on May 1, 2017 under Western's profile at www.sedar.com.

Purpose

The purpose of the RSU Plan is to: (i) strengthen the ability of Western and its affiliates to attract and retain qualified directors, employees and consultants of Western ("**Eligible Participants**"); (ii) align the interests of Eligible Participants with the interests of the Shareholders; and (iii) focus management of Western on operating and financial performance and total long-term Shareholder return by providing an increased incentive to contribute to Western's growth and profitability.

Compensation under the RSU Plan

The RSU Plan provides for the issuance of RSUs. An RSU award entitles the grantee thereof to receive, on each applicable vesting date, either: (i) at the election of the Board or any committee of the Board delegated responsibility for the RSU Plan (either the Board or such committee of the Board referred to as the "**RSU Plan Committee**") (A) the number of Common Shares deliverable on such vesting date pursuant to the terms of the RSU grant or (B) such lesser number of Common Shares as the RSU Plan Committee may determine in partial satisfaction of the number of Common Shares deliverable on such vesting date pursuant to the terms of the RSU grant; or (ii) unless the RSU Plan Committee determines to issue, in full settlement therefore, Common Shares on such vesting date in respect of an RSU award, a cash payment equal to the Fair Market Value (as such term is defined in the RSU Plan, determined on the basis of a volume weighted average for the five days on which the Common Shares were traded immediately preceding such date) of a Common Share on such vesting date multiplied by the number of RSUs that vest to the grantee on such vesting date.

The RSU Plan Committee may consider the following factors in making RSU awards: (i) compensation data for comparable benchmark positions among the Corporation's competitors; (ii) the duties and seniority of the Eligible Participant; (iii) the performance of the Eligible Participant in the prior year relevant to the Performance Measures (as defined in the RSU Plan) of the Corporation for the relevant performance period; (iv) individual and/or departmental contributions and potential contributions to the success of the Corporation; and (v) such other factors as deemed relevant in connection with accomplishing the purposes of the RSU Plan.

Western does not provide financial assistance to plan participants in connection with the RSU Plan.

Vesting

An award under the RSU Plan shall vest as to one third on each anniversary date following the date such RSU is granted, subject to accelerated vesting in the event of a Change of Control and the Eligible Participant ceasing to participate in the RSU Plan either (A) as a result of a Termination Without Cause; or (B) by the Eligible Participant for Good Reason (as such terms are defined in the RSU Plan) in either case in connection with or within 12 months of such Change of Control, provided that the vesting date for all RSUs granted under a particular award shall not be later than November 30 of the third year following the year the particular award was made.

Common Shares Subject to the RSU Plan

The maximum number of Common Shares which may be reserved for issuance: (i) (A) under the RSU Plan shall not exceed 5% of the total number of Common Shares issued and outstanding from time to time; and (B) when combined with the maximum number of Common Shares which may be reserved for issuance under all other security based compensation arrangements of the Corporation shall not exceed 10% of the total number of Common Shares issued and outstanding from time to time; and (ii) to "insiders" and their "associates" and "affiliates", as such terms are defined by the *Securities Act* (Alberta), under the RSU Plan and all other security based compensation arrangements of Western cannot exceed 10% of the Common Shares issued and outstanding from time to time. In addition, the number of Common Shares which may be issued to insiders within any one year period under the RSU Plan and all other security based compensation arrangements of Western cannot exceed 10% of the total number of Common Shares issued and outstanding from time to time.

The number of Common Shares issuable in any 12 month period under the RSU Plan: (i) to any one Eligible Participant shall not exceed 2% of the total number of Common Shares issued and outstanding from time to time; and (ii) to employees whose primary function is conducting Investor Relations Activities (as such term is defined in the RSU Plan) shall not exceed in the aggregate 2% of the total number of Common Shares issued and outstanding from time to time.

The maximum number of Common Shares issuable to non-employee directors under the RSU Plan shall not exceed 1% of the total number of Common Shares outstanding from time to time, and the aggregate Fair Market Value (as such term is defined in the RSU Plan) of Common Shares, at the time of grant, granted to any one individual non-employee director, in any 12-month period under the RSU Plan, shall not exceed $150,000.

Where RSUs are satisfied, terminated or expire in accordance with the RSU Plan, the Common Shares in respect of such RSUs shall thereafter revert to the RSU Plan and shall be included in the total number of RSUs available for issuance under the RSU Plan.

As of December 31, 2020, there were 1,244,159 RSUs granted and outstanding under the RSU plan, representing approximately 1.4% of the issued and outstanding Common Shares. Accordingly, as of December 31, 2020, when combined with the total number of Common Shares reserved for issuance under the Option Plan, there are approximately 407,665 unallocated RSUs available for issuance under the RSU Plan, representing approximately 0.4% of the issued and outstanding Common Shares. The Corporation's annual burn rate, as calculated in accordance with Section 613(p) of the TSX Company Manual, under the RSU Plan was as follows:

	2020	2019	2018
Total RSUs Granted	924,210	408,495	495,110
Weighted average number of Common Shares	91,253,251	92,379,902	92,224,585
Annual burn rate[(1)]	1.0%	0.4%	0.5%

Notes:

(1) The burn rate is calculated based on the total number of RSUs granted in the year divided by the weighted average number of Common Shares issued and outstanding during the year. The burn rate is subject to change, from time to time, based on changes in the components to the calculation.

A total of 247,798 Common Shares were issued pursuant to the RSU Plan during the financial year ended December 31, 2020, representing 0.3% of the total Common Shares outstanding.

Blackout Periods

If an RSU would vest within a Black-Out Period (as such term is defined in the RSU Plan) imposed by the Corporation, or which vest within five business days after a Black-Out Period ends (other than a Black-Out Period imposed due to a cease trade order), the vesting date of the RSUs shall be the earlier of the date which is (i) ten business days from the date any Black-Out Period ends, or (ii) December 31 of the calendar year in which the third anniversary of the grant date falls.

Termination of RSUs

Upon a grantee ceasing to be an Eligible Participant by reason of the retirement of the grantee or due to Disability (as such term is defined in the RSU Plan) of the grantee, all outstanding RSUs previously granted to such grantee shall continue in full force and effect, and vesting and payment in respect of such RSUs shall continue to be made in accordance with the terms thereof, subject to the provisions of the RSU Plan, as if such grantee continued to be an Eligible Participant, provided however that the grantee shall only be entitled to receive on each vesting date, the number of Common Shares equal to the number of RSUs granted multiplied by a fraction (A) the numerator of which is the number of days the grantee was an Eligible Participant of the Corporation during the applicable vesting period and (B) the denominator of which is the total number of days comprising the applicable vesting period.

Upon the grantee ceasing to be an Eligible Participant due to the death of the grantee, the grantee shall be entitled to the number of RSU's granted (whether vested or not) multiplied by a fraction (A) the numerator of which is the number of days the grantee was an Eligible Participant during the applicable vesting period; and (B) the denominator of which is the total number of days comprising the applicable vesting period.

Upon the grantee ceasing to be an Eligible Participant due to termination not for cause, effective as of the date of the termination without cause, all unvested RSUs held by such grantee shall be terminated and all rights to receive any payment thereunder shall be forfeited by the grantee and the grantee shall not be entitled to receive any compensation in lieu thereof, provided that the RSU Plan Committee may determine in its sole discretion, prior to the date such RSUs would otherwise terminate, to extend the date upon which such securities terminate.

Upon the grantee ceasing to be an Eligible Participant due to voluntary resignation by the grantee, all RSUs previously credited to such grantee which did not vest on or prior to the last day of any notice period applicable in respect of such grantee's voluntary termination date, shall be terminated and forfeited as of the grantee's termination date (or such longer period as determined by the RSU Plan Committee in its sole discretion).

In the event of the grantee ceasing to be an Eligible Participant due to involuntary termination for cause, effective as of the date notice is given to the grantee of such termination, all unvested RSUs held by such grantee shall be terminated and forfeited.

Assignability

Except if a grantee dies, in which case Common Shares or cash shall be delivered to the grantee's legal representative or beneficiary (as set forth in the RSU Plan), RSUs may not be transferred or assigned.

Adjustments

If the number of outstanding Common Shares changes as a result of (i) any change in the Common Shares through subdivision, consolidation, reclassification, or amalgamation or merger that is not a Change of Control or otherwise; (ii) rights being granted to Shareholders to purchase Common Shares at prices substantially below Fair Market Value; or (iii) Common Shares being converted into or exchangeable for other securities as a result of any reorganization, recapitalization, merger, consolidation or other transaction that is not a Change of Control, the RSU Plan Committee may make appropriate adjustments to the number of the RSUs outstanding which the RSU Plan Committee may, in its sole discretion (subject only to TSX approval if required), consider appropriate in the circumstances to prevent substantial dilution or enlargement of the rights thereunder.

In the event the Corporation pays a dividend on the Common Shares subsequent to the granting of a RSU, the number of Common Shares issuable pursuant to such grant of RSUs (or a cash payment in lieu of the issuance of Common Shares) shall be increased to account for the payment of such dividend.

Change of Control

If, before the vesting of a RSU in accordance with the terms thereof, a Change of Control (as defined in the RSU Plan) occurs prior to any of the vesting dates respecting a RSU, and if a grantee ceases to be an Eligible Participant either: (A) as a result of a Termination Without Cause; or (B) by the grantee for Good Reason (as such terms are defined in the RSU Plan) in either case, in connection with or within 12 months of such Change of Control all of a grantee's RSUs that have not yet vested as of such time shall vest on the date the notice of termination of employment, and payment shall be made to the grantee within 31 days of such date, or such other date as may be agreed to by Western and the grantee.

Foreign Grantees

The Corporation may, without amending the RSU Plan, modify the terms of RSUs granted to Eligible Participants who provide services to the Corporation from outside of Canada in order to comply with the applicable laws of such jurisdictions (which shall be reflected in the award agreement). In addition, the terms of the RSUs granted to grantees subject to taxation in the United States will be subject to and will be determined by taking into consideration the terms stated in Appendix A to the RSU Plan.

Amendments

The RSU Plan provides the RSU Plan Committee with the discretion to make certain amendments to the RSU Plan without the approval of Shareholders, provided that no such amendment to the RSU Plan shall cause the RSU Plan to cease to be subject to paragraph (k) of the definition of “salary deferral arrangement” as contained in the *Income Tax Act* (Canada).

In particular, the RSU Plan Committee may make amendments: (i) resulting in an addition to, deletion from or alteration of the RSU Plan or a RSU award that is necessary to comply with applicable law or the requirements of any regulatory authority or stock exchange; (ii) to correct or rectify any ambiguity, defective provision, error or omission in the RSU Plan or a RSU award; and (iii) any other amendment that does not require shareholder approval under paragraph 7(d) of the RSU Plan.

Shareholder approval will be required for: (i) any increase in the maximum number of Common Shares reserved for issuance under the RSU Plan; (ii) any extension of the term of an RSU award benefiting any Eligible Participant; (iii) any amendments to the RSU Plan to remove or to exceed the insider or non-employee director participation limits set forth in the RSU Plan; (iv) any change to the categories of individuals eligible to be selected for grants of RSU awards, where such change may broaden or increase the participation of insiders under the RSU Plan; (v) any amendment that would permit unit awards to be transferable or assignable other than for normal estate settlement purposes; and (vi) any amendment to the amendment provisions of the RSU Plan.

Equity Compensation Plan Information

The following table sets forth information as at December 31, 2020 with respect to the Corporation’s compensation plans under which equity securities of the Corporation are authorized for issuance.

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders			

Option Plan	7,464,687	$ 0.82	407,665(1)
RSU Plan(2)	1,244,159	N/A	407,665(3)
Equity compensation plans not approved by security holders	None	N/A	N/A
Total	**8,708,846**		**407,665(4)**

Notes:

(1) The total number of Options available as at December 31, 2020.

(2) The maximum number of Common Shares issuable under the RSU Plan shall not exceed 5% of the aggregate number of issued and outstanding Common Shares included in the LTIP limit of 10%.

(3) The total number of RSUs available as at December 31, 2020.

(4) The maximum number of Common Shares issuable under the LTIPs shall not exceed 10% of the aggregate number of issued and outstanding Common Shares.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

National Policy 58-201 - *Corporate Governance Guidelines* ("**NP 58-201**") establishes corporate governance guidelines which apply to all reporting issuers. Corporate Governance is the process and structure used to direct and manage the business and affairs of Western to achieve the Shareholders objectives. The Shareholders elect the directors who in turn are responsible for overseeing all aspects of the operations of Western, appointing management and ensuring that the business is managed properly, taking into account the interests of the Shareholders and other stakeholders such as employees, customers, suppliers, and the community at large. Western is required to disclose certain specified corporate governance information with reference to NP 58-201 and National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, addressing such items as the constitution and independence of corporate boards, the functions to be performed by boards and their committees and the effectiveness of education of boards. The Board of Western, through the Corporate Governance and Compensation Committee, monitors changes with respect to corporate governance practices and regulatory requirements. The following disclosure describes the corporate governance policies and initiatives developed by Western.

Committees of the Board

The Board delegates specific responsibilities to committees of the Board. The responsibilities of the committees empower the committees to advise and formulate recommendations to the Board; but, generally, do not allow the committees the authority to approve matters on behalf of the Board.

There are currently three Board committees. The table below indicates the composition of each committee.

Name	Audit	Corporate Governance & Compensation	Health, Safety & Environment
Ronald P. Mathison (Chair of the Board)	---	---	---
Alex R.N. MacAusland	---	---	✓
Donald D. Copeland	✓	✓	Chair
Lorne A. Gartner	✓	Chair	✓
John R. Rooney	Chair	✓	✓

For further details on the Audit Committee, please refer to the section entitled "Audit Committee" in Western's annual information form for the financial year ended December 31, 2020 available under Western's profile on SEDAR at www.sedar.com.

The Corporate Governance and Compensation Committee has the general responsibility for developing and monitoring Western's approach to corporate governance matters and is responsible for recommending to the Board its size, composition and membership, succession planning for directors and Board committee structure. The Corporate Governance and Compensation Committee is also responsible for certain compensation matters, including compensation policy, reviewing succession planning, evaluating the CEO, reviewing and recommending to the Board the CEO's, executive officers' and directors' compensation, and monitoring incentive arrangements. For further details on the Corporate Governance and Compensation Committee, please refer to the section of this

Information Circular entitled "*Statement of Executive Compensation – Compensation Discussion and Analysis – Corporate Governance and Compensation Committee*".

The Corporation's Health, Safety and Environment Committee assists the Board in its oversight of health, safety and environmental issues, including the evaluation of Western's programs, controls and reporting systems, and compliance with applicable laws, rules and regulations.

Mandates & Position Descriptions

The Board has adopted a written Board mandate that sets out the key roles and responsibilities of the Board. That mandate is attached hereto as Schedule A. The Board has also adopted a written mandate for each committee of the Board that sets out the scope of operations and key roles and responsibilities of that committee. Copies of the written mandates for each of Corporation's committees are available on the Corporation's website at www.wesc.ca, or a copy may also be obtained upon request to the Corporate Secretary of the Corporation at the head office of the Corporation.

Further, the Board has developed written position descriptions for the Board Chair and the chair of each Board committee. The position descriptions of the Board Chair and the chair of each Board committee are available on the Corporation's website at www.wesc.ca. A copy may also be obtained upon request to the Corporate Secretary of the Corporation at the head office of the Corporation.

The position description of the Chair of the Board provides for the chair to provide leadership to the Board and to serve as chair at shareholders meetings. The chair also sets the agenda of all Board meetings and ensures the provision of accurate, timely and clear information to the directors. In addition, the Board Chair supervises the committee chairs. The position description of the committee chairs provides for their participation in the development of committee meeting calendars and agendas. Committee chairs preside over all committee meetings and ensure the orderly and efficient use of time in committee meetings. Committee chairs provide reports to the Board on a regular basis.

The Board has also developed a position description for the CEO, which is available on the Corporation's website at www.wesc.ca. A copy may also be obtained upon request to the Corporate Secretary of the Corporation at the head office of the Corporation. The position description of the CEO includes the following duties and responsibilities: strategy, leadership, relationships, operations, finance, reporting to the Board and relations with Shareholders, employees and the public. In general, the management of the Corporation is empowered to operate the business on a day-to-day basis. However, any responsibility which is not delegated to either management or a committee of the Board remains with the Board. In general, all matters of policy and all actions proposed to be taken which are not in the ordinary course of business require the prior approval of the Board or of a Board committee to which approval authority has been delegated. The corporate objectives are developed by management and approved by the Board.

Independence

The Board believes that it operates in an "independent" and objective manner.

4 of 5 Directors are "Independent"

The Board is currently composed of five members: Ronald P. Mathison, Alex R.N. MacAusland, Donald D. Copeland, Lorne A. Gartner and John R. Rooney. Generally speaking, a director is "independent" if such director has no direct or indirect material relationship with Western and a "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of the director's independent judgment. Notwithstanding the foregoing, Canadian securities legislation prescribes that certain relationships are material relationships (i.e. any director that has been an executive officer of the company within the past three years will be deemed to have a material relationship with the company and therefore not be independent). After reviewing the roles and relationships of each of the directors, the Board has determined that four out of the five current directors are independent. The only non-independent director is Alex R.N. MacAusland who also serves as President and CEO of Western. George S. Armoyan, Western's new director nominee, is also considered independent.

Independent Chairs

The Chair of the Board and the chairs of each committee of the Board are all independent directors. The following table sets out the directors that are currently in those roles.

Role	Director	Independent
Chair of the Board	Ronald P. Mathison	✓
Chair of the Audit Committee	John R. Rooney	✓
Chair of the Corporate Governance and Compensation Committee	Lorne A. Gartner	✓
Chair of the Health, Safety & Environment Committee	Donald D. Copeland	✓

The Chair of the Board and the chair of each Board committee manage the affairs of the Board and each committee of the Board, respectively, with a view to ensuring that the Board and each Board committee functions effectively and meets its obligations and responsibilities, and lead the Board and each Board committee, respectively, in the execution of their responsibilities to security holders.

Meetings of Independent Directors

An *in camera* session excluding management and non-independent directors is held at every Board and committee meeting. No separate meetings solely of independent directors were held in 2020.

Stakeholder Outreach

Reaching out to stakeholders and listening to their opinions is a core value of Western. The Board encourages stakeholders to engage with appropriate company representatives on relevant matters and actively monitors stakeholder feedback.

Letters addressed to the Board, or any individual independent director, are reviewed as a group to determine if a response from the Board is appropriate. While the Board oversees management, it does not participate in the day-to-day functions and operations of Western and is not normally in the best position to respond to inquiries on those matters. Inquiries on operations or day-to-day management of Western will be directed to the appropriate personnel within Western for a response. The Board has instructed the Corporate Secretary to review all correspondence and, in his discretion, not to forward any items if they are not relevant to Western's operations, policies and philosophies; or are not appropriate for consideration by the Board.

All inquiries will receive a written response from either the Board or management, if appropriate. The Corporate Secretary maintains a log of all correspondence addressed to members of the Board. Directors may review the log at any time and request copies of any correspondence received.

Orientation and Continuing Education

New directors are provided with information about the duties and obligations of directors, the business and operations of the Corporation, documents from recent Board meetings and discussions with senior management and other directors. Each director receives a director's manual, which is updated as required. The directors meet regularly with management and are given periodic presentations on the business. Directors are expected to attend all scheduled Board and committee meetings in person, although attendance by telephone is permissible in appropriate circumstances. Directors are also expected to prepare thoroughly in advance of each meeting in order to actively participate in the deliberations and decisions.

The Board recognizes the importance of on-going director education and the need for each director to take personal responsibility for this process. Each director is expected to participate in continuing education programs to maintain any professional designation that they may have, and which would be considered in their nomination as a director. In addition, each director is expected to participate in programs that would be necessary to maintain a level of expertise in order to perform his or her responsibilities as a director and to provide on-going guidance and direction to management. To facilitate ongoing education of the Corporation's directors, the Corporate Governance and Compensation Committee may: (a) periodically canvas the directors to determine their training and education needs and interests; (b) arrange ongoing visitation by directors to the Corporation's facilities and operations; (c) arrange the funding for the attendance of directors at seminars or conferences of interest and relevance to their position as a director of the Corporation; and (d) encourage and facilitate presentations by outside experts to the Board or committees on matters of particular importance or emerging significance.

Ethical Business Conduct

The Board encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations; providing guidance to directors, officers and employees to help them recognize and deal with ethical issues; promoting a culture of open communication, honesty and accountability; and ensuring awareness of disciplinary action for violations of ethical business conduct.

Code of Conduct, Communications Policy & Insider Trading Policy

The Board has adopted a Code of Business Conduct and Ethics ("**Code of Ethics**"), a copy of which is available on the Corporation's website at www.wesc.ca. A copy may also be obtained upon request to the Corporate Secretary of the Corporation at the head office of the Corporation. The Corporate Governance and Compensation Committee has the responsibility for monitoring compliance with the Code of Ethics and also ensures that management encourages and promotes a culture of ethical business conduct. The Board has not granted any waiver of the Code of Ethics in favour of a Director or executive officer. Accordingly, no material change report has been required or filed. The Board also has a Communications Policy which regulates the manner in which material information is determined and disseminated, and an Insider Trading Policy which restricts certain trading in shares to ensure ethical conduct.

Whistleblower Policy

The Board, through the chair of the Audit Committee and Chief Executive Officer, receives reports of all alleged wrongdoing raised through Western's anonymous Incident Reporting System (the "**Incident Reporting System**"), which is administered directly by an independent third-party service provider. All submissions made through the Incident Reporting System are handled confidentially by the service provider and are forwarded to Western's designates for review and investigation as follows:

i. the Chairman of the Audit Committee, through the Incident Reporting System, will receive reports of alleged wrongdoing relating to any theft, fraud, questionable accounting (including internal accounting controls) or auditing matters or any other financial matters; and

ii. the Chief Executive Officer of Western, through the Incident Reporting System, will receive reports of alleged wrongdoing relating to any matter other than those financial matters described in subparagraph (i) above.

Conflicts of Interest

The Corporate Governance and Compensation Committee monitors the disclosure of conflicts of interest by directors and ensures that no director will vote or participate in a discussion on a matter, in respect of which, such director has a material interest.

Nomination of Directors

This responsibility has been assigned to the Corporate Governance and Compensation Committee which is composed entirely of independent directors. If vacancies occur on the Board, the Corporate Governance and Compensation Committee may recommend nominees to the Board. To assist the Corporate Governance and Compensation Committee with reviewing the skill set of director candidates, a skill matrix was developed that sets forth the current make-up of the Board, allowing the Corporate Governance and Compensation Committee to identify criteria that a new candidate for the Board should possess. Criteria in the skills matrix included management, board and industry experience and areas of expertise. Before making a recommendation on a new director candidate, the Chair of the Corporate Governance and Compensation Committee will meet with the candidate to discuss the candidate's interest and ability to devote the time and commitment required to serve on the Board.

Compensation

For information on the process by which the Board determines compensation for executive officers and directors, see the sections of this Information Circular entitled "*Director Compensation*" and "*Statement of Executive Compensation*". In 2017, the Board instituted an Incentive Compensation Clawback Policy, a copy of which is available on the Corporation's website at www.wesc.ca. This policy grants the Board authority to direct and take action to prevent or rectify any unjust enrichment of an executive officer whom may have received incentive compensation as the result of intentional misconduct by the executive. The Corporate Governance and Compensation Committee has the mandate and responsibility to ensure that a process is in place for the annual review of the performance of individual directors, the Board as a whole and the Board committees.

Assessment

The directors are asked to complete a questionnaire which rates items such as structure and size of the Board and each committee, the knowledge and diversity of membership as well as the quality and timeliness of information received for discussion and the overall effectiveness in decision making. The anonymity of any particular submitter is maintained with the aggregate results presented to the Chair of the Corporate Governance and Compensation Committee for discussion and action if required. The results are then communicated to the full Board for discussion and recommendations as necessary.

Director Term Limits and Other Mechanisms of Board Renewal

The Board believes that issues relating to board effectiveness, board renewal and board succession planning are best addressed by a strong chair, a thoughtful governance committee and independent-thinking board members. The Board is responsible for recommending to shareholders from time to time candidates for election to the Board that together contribute the right mix of skills and expertise to the Board. To assist in making those recommendations, the Board periodically conducts both formal and informal reviews of the effectiveness of the Board and individual Board members.

The Board is concerned that imposing arbitrary and inflexible director term limits may result in Western losing valued directors at a time when Western most needs their skills, qualities and contributions, as well as their knowledge of the history and culture of the organization. Mandatory retirement ages pose the same risk and the Board does not want to lose key directors to retirement policies that seem unnecessarily arbitrary and inflexible when they force a high performing director off the Board. As a result the Board does not feel that it would be appropriate to set term limits for its directors but rather relies on the experience of its members to determine when Board renewals, Board removals and Board additions are appropriate.

Gender Diversity

The Corporate Governance and Compensation Committee is responsible for reviewing and assessing Board composition, including the identification of new candidates. The Corporate Governance and Compensation Committee will consider gender and other diversity criteria in identifying and assessing candidates to recommend for nomination or appointment to the Board. To the extent an external advisor is used to identify potential candidates, the external advisor will be instructed to use diversity in its assessment criteria and use best efforts to ensure at least one female candidate is identified.

The Board has adopted a formal diversity policy (the "**Diversity Policy**") for identifying and assessing candidates for the Board. The purpose of the Diversity Policy is to balance the skills, experience and expertise on the Board, with diversity representation, including age, gender, ethnicity and geographic location. In particular, the Diversity Policy recognizes that gender diversity is a significant aspect of diversity and acknowledges the contribution that women with the right skills and experience can make to the diversity of perspectives in the boardroom.

In accordance with the Diversity Policy, on an annual basis, the Corporate Governance and Compensation Committee will (i) assess the effectiveness of the Board appointment and nomination processes at achieving the Corporation's diversity objectives, and (ii) consider and determine measurable objectives for achieving diversity on the Board by considering, among other things, the number of women on the Board and considered for appointment or nomination.

In order to ensure the effective implementation of the Diversity Policy, as part of the annual review, the Corporate Governance and Compensation Committee will review (i) the number of women considered or brought forward for Board positions; (ii) the skills, knowledge, experience and other characteristics of female candidates to ensure such candidates are being fairly considered relative to other candidates; and (iii) the number of women on the Board and the proportion (in percentage terms) of persons on the Board who are women.

The Board believes that appropriate consideration will be given to diversity characteristics pursuant to the Diversity Policy. The Board is actively working toward identifying women whose skills and experience would be appropriate for nomination to the board over the next year. The Board has considered the current executive officer positions of the Company, as well as the makeup of other members of senior management, which includes women. Given current industry conditions and the resulting reduction in Western's work force, including among its executive officers, and the lack of a current intention to incur additional expenses by adding members to its Board, other than the addition this year of George S. Armoyan, who represents the Corporation's largest shareholder, the Board has determined not to adopt formal targets for women in executive officer positions or on the Board at this time.

As at the date hereof, no women are members of the Board and none of the executive officers of Western are women.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of the date hereof, no current or former director, executive officer or employee of Western is indebted to Western or its subsidiaries. Further, at no time since the beginning of the financial year ended December 31, 2020 did any director, executive officer or proposed director, or any associate of any such director or executive officer or proposed director of Western, owe any indebtedness to Western or owe any indebtedness to any other entity which is, or at any time has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Western.

MANAGEMENT CONTRACTS

Western has no management contracts or other arrangements in place where management functions are performed by a person or company other than the directors or Senior Executives of Western.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed under "*Interest of Management and Others in Material Transactions"* in Western's Annual Information Form dated February 25, 2021 and filed under Western's profile on the SEDAR website located at www.sedar.com,Western is not aware of any material interest, direct or indirect, of any informed person of Western, any proposed nominee for election as a director of Western or any associate or affiliate of any of the foregoing in any transaction that took place since the beginning of the most recently completed financial year or in any proposed or ongoing transaction of Western which has or would materially affect Western or any of its subsidiaries.

INTERESTS OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED ON

No person who has been a director or executive officer of Western at any time since the beginning of the last financial year, nor any proposed nominee for election as a director of Western, nor any associate or affiliate of any of the foregoing, has any material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon other than the election of directors or the appointment of auditors.

ADDITIONAL INFORMATION

Financial information is provided in Western's consolidated financial statements and management's discussion and analysis as at and for the years ended December 31, 2020 and 2019 and the auditors' report thereon (the "**Annual Report**"), which has been mailed to those Shareholders of Western who have so requested, along with this Information Circular. The Corporation will provide to any person upon request the Annual Report. These documents can be obtained free of charge by contacting the Corporate Secretary of Western at 1700, 215 – 9th Avenue SW, Calgary, Alberta T2P 1K3 or by accessing Western's website at www.wesc.ca. Information relating to Western can also be obtained on SEDAR under Western's profile at www.sedar.com.

SCHEDULE "A"

WESTERN ENERGY SERVICES CORP.
(THE "CORPORATION")

MANDATE OF THE BOARD OF DIRECTORS

Stewardship of the Corporation

1. The Board of Directors (the "**Board**") of the Corporation is responsible for the stewardship of the Corporation and for overseeing the conduct of the business of the Corporation and the activities of management, who are responsible for the day-to-day conduct of the business.

Director Obligations

2. Each director on the Board has the responsibility to:

    (a) attend all regularly scheduled meetings of the Board and all of the committees on which they serve and to be prepared for such meetings by reviewing materials provided in advance of meetings;

    (b) act honestly and in good faith with a view to the best interests of the Corporation; and

    (c) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Board Composition and Qualifications

3. A majority of the Board will, at all times, be independent as defined in applicable securities laws and the rules or guidelines of any stock exchange upon which the shares of the Corporation are listed ("**Applicable Laws**").

4. In addition to the qualifications required by Applicable Laws, directors must have an appropriate mix of skills, knowledge and experience in business and or industry, as well as an understanding of the Corporation's principal operational and financial objectives, plans and strategies, and financial position and performance.

5. Directors must have sufficient time to carry out their duties and not assume responsibilities that would materially interfere with, or be incompatible with, Board membership.

Board Meetings

6. The Board is responsible to:

    (a) meet in person or by telephone conference call, at least once each quarter and as often thereafter as required to discharge the duties of the Board;

    (b) at each regularly scheduled meeting, hold in-camera sessions of the independent directors without management and non-independent directors present; and

7. In the discharge of its responsibilities, the Board may meet with any internal personnel or external advisors in open or closed sessions, as needed or appropriate.

Board Chair and Lead Director

8. The Board is responsible to annually select an independent director to serve as Board chair (the "**Chair**") (or if the Chief Executive Officer ("**CEO**") is also the Board Chair, a lead director who is an independent director) to:

    (a) provide leadership to all directors;

    (b) manage the affairs of the Board; and

    (c) ensure that the Board functions effectively in fulfillment of its duties to the Corporation.

Committees of the Board

9. The Board discharges its responsibilities directly and through its committees. As such the Board shall:

(a) establish such committees of the Board as are required by applicable law and as are necessary to effectively discharge the duties of the Board;

(b) appoint directors to serve as members of each Committee on an annual basis;

(c) appoint a chair of each Committee to:

(i) provide leadership to the Committee;

(ii) manage the affairs of the Committee;

(iii) ensure that the Committee functions effectively in fulfilling its duties to the Board and the Corporation; and

(d) develop position descriptions for the Board Chair and the chair of each committee; and

(e) regularly receive and consider reports and recommendations of each Committee.

Supervision of Management

10. The Board is responsible to:

(a) select and appoint the CEO, and with the assistance of the Corporate Governance and Compensation Committee, establish the CEO's goals and objectives and evaluate CEO performance on at least an annual basis;

(b) together with the CEO, develop a position description for the CEO which includes a description of management's responsibilities;

(c) assist the CEO to select and appoint executive officers, establish executive officers' goals and objectives and monitor their performance on at least an annual basis;

(d) with the assistance of the Corporate Governance and Compensation Committee, maintain and review annually a succession plan for the replacement of the CEO and the Corporation's executive officers; and

(e) generally provide advice and guidance to management.

Governance

11. The Board is responsible to:

(a) annually review the mandates of the Board and each Committee, position descriptions, the code of business conduct and ethics (the "**Code**") and all other policies of the Corporation (collectively the "**Governance Documents**") and on the advice of the Corporate Governance and Compensation Committee either approve or require revisions to the Governance Documents;

(b) together with the Corporate Governance and Compensation Committee, to the extent feasible, satisfy itself as to the integrity of the CEO and other executive officers, and that the CEO and other executive officers create a culture of integrity throughout the Corporation, and further, that business is conducted on behalf of the Corporation in accordance with the requirements and the spirit of the Governance Documents;

(c) ensure that all new directors receive a comprehensive orientation and that all new directors fully understand the role of the Board and its committees, as well as the contribution individual directors are expected to make (including, in particular, the commitment of time and resources that the Corporation expects from its directors) and that all new directors also understand the nature and operation of the Corporation's business; and

(d) provide continuing education opportunities for all directors, so that Board members may maintain or enhance their skills and abilities as directors, as well as to ensure their knowledge and understanding of the Corporation's business remains current.

Communications

12. The Board is responsible to:

(a) approve and maintain a process for the Corporation's stakeholders to contact the independent directors directly with concerns and questions regarding the Corporation; and

(b) ensure the Corporation endeavors to keep its shareholders informed of its progress through an annual report, annual information form, quarterly interim reports and periodic press releases. Directors and management meet with shareholders at the Corporation's annual shareholder meeting and are available to respond to questions at that time.

Waivers and Conflicts

13. The Board is responsible, with the assistance of the Corporate Governance and Compensation Committee, for:

(a) monitoring compliance with the Code;

(b) providing or denying waivers from the Code; and

(c) disclosing departures from the Code including filing required material change reports for material departures from the Code containing:

(i) the date of the departure(s);

(ii) the parties involved in the departure(s);

(iii) the reason why the Board has or has not sanctioned the departure(s); and

(iv) any measures taken to address or remedy the departure(s).

Strategic Planning

14. The Board has the responsibility to:

(a) adopt a strategic planning process and approve, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risk of the businesses of the Corporation; and

(b) approve capital and operating budgets to implement the strategic plan.

Risk Management

15. The Board has the responsibility to:

(a) adopt a process to identify the principal business risks of the Corporation, including environmental and social risks, and to ensure the implementation of appropriate systems, policies and procedures to manage those risks including review such risk management strategies annually; and

(b) together with the Audit Committee, ensure policies and procedures are in place that are effective to maintain the integrity of the Corporation's:

(i) disclosure controls and procedures (such that the Board satisfies itself as to the accurate, timely and effective communication to the Corporation's shareholders and the investment community of developments material to the Corporation);

(ii) internal controls over financial reporting; and

(iii) management information systems.

Financial Management

16. The Board has the responsibility to:

(a) review and on the advice of the Audit Committee, approve, prior to their public dissemination:

(i) interim and annual consolidated financial statements and notes thereto;

(ii) management's discussion and analysis of financial condition and results of operations;

(iii) relevant sections of the Corporation's annual report, annual information form and management information circular containing financial information;

(iv) forecasted financial information and forward-looking statements;

(v) all press releases and other documents in which financial statements, earnings forecasts, results of operations or other financial information is disclosed; and

(b) approve dividends and distributions, material financings, transactions affecting authorized capital or the issue and repurchase of shares and debt securities of the Corporation's, and all material divestitures and acquisitions.

Materials

17. The Board shall have access to all books, records, facilities and personnel of the Corporation necessary for the discharge of its duties.

Advisors

18. The Board has the power, at the expense of the Corporation, to retain, instruct, compensate and terminate independent advisors to assist the Board in the discharge of its duties.

Annual Review

19. The Board will assess, on an annual basis, the adequacy of this Mandate of the Board.

20. Assess, on at least an annual basis, the effectiveness of the Board, the committees of the Board and each individual director. An assessment will consider:

(a) in the case of the Board or a committee of the Board, its mandate or charter, as applicable;

(b) in the case of an individual director, the applicable position descriptions, as well as the competencies and skills each individual director is expected to bring to the Board; and

(c) the opinions and recommendations of the Corporate Governance and Compensation Committee.

Ratified by the Board of Directors October 26, 2020

Exhibit 3.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the use in this Registration Statement on Form F-7 of our report dated March 24, 2022, relating to the financial statements of Western Energy Services Corp. for the year ended December 31, 2021.

/s/ DELOITTE LLP

Chartered Professional Accountants
Calgary, Canada
March 30, 2022

EXHIBIT 3.2

CONSENT OF BLAKE, CASSELS & GRAYDON LLP

We have acted as Canadian counsel to Western Energy Services Corp. (the “Registrant”) in connection with the registration statement on Form F-7 (the “Registration Statement”) being filed today by the Registrant with the Securities and Exchange Commission under the United States Securities Act of 1933, as amended.

We hereby consent to the reference to our name and the inclusion of our opinions contained under “Certain Canadian Federal Income Tax Considerations” and “Eligibility for Investment” in the Registration Statement.

/s/ Blake, Cassels & Graydon LLP

Blake, Cassels & Graydon LLP
Calgary, Alberta, Canada
March 30, 2022