WESTERN ENERGY SERVICES CORP. RELEASES SECOND QUARTER 2020 FINANCIAL AND OPERATING RESULTS

FOR IMMEDIATE RELEASE: July 27, 2020

CALGARY, ALBERTA – Western Energy Services Corp. ("Western" or the "Company") (TSX: WRG) announces the release of its second quarter 2020 financial and operating results. Additional information relating to the Company, including the Company's financial statements and management's discussion and analysis as at and for the three and six months ended June 30, 2020 and 2019 will be available on SEDAR at www.sedar.com. Non-International Financial Reporting Standards ("Non-IFRS") measures, such as Adjusted EBITDA, and abbreviations and definitions for standard industry terms are included later in this press release. All amounts are denominated in Canadian dollars (CDN$) unless otherwise identified.

Second Quarter 2020 Operating Results:

- Second quarter revenue decreased by $26.9 million (or 71%) to $10.8 million in 2020 as compared to $37.7 million in the second quarter of 2019 and included US$4.5 million of shortfall commitment revenue. In the contract drilling segment, revenue totalled $7.1 million in the second quarter of 2020, a decrease of $20.5 million (or 74%) as compared to $27.6 million in the second quarter of 2019. In the production services segment, revenue totalled $3.8 million for the three months ended June 30, 2020, as compared to $10.2 million for the three months ended June 30, 2019, a decrease of $6.4 million (or 63%). The ongoing COVID-19 pandemic significantly impacted revenue in the contract drilling, well servicing, and oilfield rental equipment segments as described below:
  - The COVID-19 pandemic had a significant impact on customer demand and drilling rig utilization – Operating Days ("Drilling Rig Utilization") in Canada and resulted in no drilling rigs working in the second quarter of 2020, compared to a Drilling Rig Utilization average of 13% in the same period of the prior year. The decrease in activity in the second quarter of 2020 was mainly attributable to the significant decrease in crude oil prices, as a result of the international price war and the COVID-19 pandemic, which resulted in heightened market uncertainty and customers reducing and cancelling their 2020 drilling programs. The Canadian Association of Oilwell Drilling Contractors ("CAODC") industry average of 4%[1] for the second quarter of 2020 represented a decrease of 1,000 basis points ("bps") compared to the CAODC industry average of 14% in the second quarter of 2019, mainly due to lower demand as a result of the COVID-19 pandemic;
  - In the United States, the demand destruction as a result of the COVID-19 pandemic had a significant impact on Drilling Rig Utilization which totalled 1%, as one rig worked during the second quarter of 2020, compared to 46% Drilling Rig Utilization in the second quarter of 2019, reflecting a 98% decrease in Operating Days. Revenue per Billable Day for the second quarter of 2020 is not meaningful as compared to the same period of the prior year, due to low activity in the period. US$4.5 million of shortfall commitment revenue was recognized in the second quarter of 2020, compared to US$1.3 million in the same period of the prior year; and
  - In Canada, service rig utilization was 9% in the second quarter of 2020 compared to 20% in the same period of the prior year. The decrease is due to the demand destruction caused by the COVID-19 pandemic, coupled with historic low commodity prices in the second quarter of 2020. Revenue per Service Hour was consistent with the second quarter of 2019. Lower utilization led to well servicing revenue totalling $3.8 million in the second quarter of 2020, a decrease of $6.4 million (or 63%), as compared to the same period in the prior year.
- Administrative expenses decreased by $2.2 million (or 51%) to $2.2 million in the second quarter of 2020, as compared to $4.4 million in the second quarter of 2019, mainly due to lower employee related costs as a result of temporary headcount reductions, as well as the receipt of the Canada Emergency Wage Subsidy ("CEWS") from the Government of Canada in the second quarter of 2020 due to the COVID-19 pandemic.
- The Company incurred a net loss of $8.0 million in the second quarter of 2020 ($0.09 per basic common share) as compared to a net loss of $10.1 million in the same period in 2019 ($0.11 per basic common share). The change can mainly be attributed to a $5.7 million decrease in income tax recovery and a $1.8 million increase in other items, mainly related to foreign exchange gains, offset partially by a $4.3 million decrease in depreciation expense due to certain assets being fully depreciated in the period, as well as the impact of asset impairments in previous quarters, and a $1.6 million increase in Adjusted EBITDA.
- Second quarter Adjusted EBITDA increased by $1.6 million (or 66%) to $4.0 million in 2020 as compared to $2.4 million in the second quarter of 2019. The year over year change in Adjusted EBITDA is due to US$4.5 million of shortfall commitment revenue, the receipt of the CEWS of $1.6 million and temporary headcount reductions, offset partially by lower contract drilling activity in Canada and the United States, and lower oilfield rental equipment and well servicing activity in Canada.
- Second quarter 2020 additions to property and equipment of $0.3 million relates to maintenance capital. In total, additions to property and equipment in the second quarter of 2020 decreased by $1.4 million (or 85%) from the $1.7 million incurred in the second quarter of 2019.

[1] Source: CAODC, monthly Contractor Summary.

Year to Date 2020 Operating Results:

- Revenue for the six months ended June 30, 2020 decreased by $40.9 million to $62.6 million (or 40%) in 2020 as compared to $103.5 million in the six months ended June 30, 2019. In the contract drilling segment, revenue totalled $41.3 million for the six months ended June 30, 2020, a decrease of $35.8 million (or 46%) as compared to $77.1 million in the same period of 2019 and included US$4.5 million of shortfall commitment revenue. In the production services segment, revenue totalled $21.4 million for the six months ended June 30, 2020, as compared to $26.6 million for the six months ended June 30, 2019, a decrease of $5.2 million (or 19%). While contract drilling day rates were steady in the United States and Canada, activity was lower in all divisions, which impacted revenue as described below:
  - Drilling Rig Utilization in Canada for the six months ended June 30, 2020 decreased to 13% compared to an average of 23% for the six months ended June 30, 2019, reflecting a 1,000 bps reduction. The decrease in activity in 2020 was mainly attributable to the significant decrease in crude oil prices in the latter part of the first quarter, as a result of the international price war and the COVID-19 pandemic, which resulted in heightened market uncertainty and customers reducing and cancelling their 2020 drilling programs. Drilling Rig Utilization of 13% in 2020 represented a discount of 700 bps to the CAODC industry average of 20%[2], a decrease as compared to Drilling Rig Utilization of 23% in 2019, which was 100 bps higher than the industry average. The decrease in the Company's utilization as compared to the industry average in 2020 was due to the COVID-19 pandemic decreasing demand and customers cancelling their drilling programs. Western's market share, represented by the Company's Operating Days as a percentage of the CAODC's total Operating Days in the Western Canadian Sedimentary Basin ("WCSB"), decreased to 6.5% in the six months ended June 30, 2020, as compared to 9.2% in the same period of 2019. Revenue per Billable Day improved by 1% in 2020, as compared to 2019, due to changes in the average rig mix;
  - In the United States, two of the Company's eight drilling rigs worked during 2020, one of which operated on a term contract. Drilling Rig Utilization decreased to 10% in 2020, compared to 55% in 2019, reflecting an 80% decrease in Operating Days. Revenue per Billable Day for the six months ended June 30, 2020 was consistent with the same period of the prior year, mainly due to changes in the average rig mix as the higher day rates on the Company's high specification AC 1500 HP class rigs in the Williston Basin in North Dakota, were offset by the rigs working in the Permian Basin in Texas, which worked at lower average day rates, while operating at a significantly lower cost. Additionally, US$4.7 million of shortfall commitment revenue was recognized in the six months ended June 30, 2020, compared to US$1.3 million in the same period of 2019; and
  - In Canada, service rig utilization was 23% for the six months ended June 30, 2020 compared to 28% in the same period of the prior year. The decrease is due to continued market uncertainty including historic low commodity prices due to the COVID-19 pandemic in 2020. Revenue per Service Hour increased during the six months ended June 30, 2020 by 7%, as compared to the same period in the prior year, due to changes in customer mix. Lower utilization, offset partially by higher pricing, led to well servicing revenue in the period decreasing by $5.2 million (or 19%) to $21.4 million, as compared to $26.6 million in the same period in the prior year.
- Administrative expenses decreased by $2.6 million (or 30%) to $6.0 million for the six month period ended June 30, 2020, as compared to $8.6 million in the same period of the prior year, mainly due to lower employee related costs as a result of temporary headcount reductions, as well as the receipt of the CEWS from the Government of Canada during the second quarter of 2020.
- As a result of continued market uncertainty, ultra-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 Company completed an impairment test for each of its cash generating units ("CGU") as at March 31, 2020 and June 30, 2020. Based on the results of these tests, it was determined that property and equipment in the Company's contract drilling and oilfield rentals CGUs was impaired by $9.5 million and $2.0 million respectively in the first quarter of 2020. There was no impairment recognized in the Company's well servicing CGU. There was no impairment recognized during the three months ended June 30, 2020.
- The Company incurred a net loss of $23.4 million for the six months ended June 30, 2020 ($0.26 per basic common share) as compared to a net loss of $17.2 million in the same period in 2019 ($0.19 per basic common share). The change can mainly be attributed to the $11.5 million impairment loss, a $3.1 million decrease in income tax recovery and a $1.3 million decrease in Adjusted EBITDA, offset partially by a $7.7 million decrease in depreciation expense due to certain assets being fully depreciated in the period, as well as the impact of asset impairments in previous quarters, and a $1.7 million increase in other items mainly due to foreign exchange gains.
- Adjusted EBITDA for the six months ended June 30, 2020 decreased by $1.3 million (or 9%) to $12.4 million as compared to $13.7 million in the same period of the prior year. The year over year change in Adjusted EBITDA is due to lower contract drilling activity in Canada and the United States, and lower well servicing and oilfield rental equipment activity in Canada, offset partially by US$4.7 million of shortfall commitment revenue, lower administrative expenses and the receipt of $1.6 million related to the CEWS.
- Year to date additions to property and equipment in 2020 of $0.8 million included $0.1 million related to expansion capital and $0.7 million of maintenance capital. In total, additions to property and equipment for the six months ended June 30, 2020 decreased by $3.1 million (or 79%) from the $3.9 million incurred in 2019.

[2] Source: CAODC, monthly Contractor Summary.

- On January 6, 2020, the Company announced a normal course issuer bid (the "Bid"), which was filed with and accepted by the Toronto Stock Exchange. Pursuant to the Bid, Western may purchase for cancellation up to 5,200,000 common shares of the Company. The Bid commenced on January 14, 2020 and will terminate the earlier of: (i) January 13, 2021; and (ii) the date on which the maximum number of common shares are purchased pursuant to the Bid. Since the commencement of the Bid, for the six months ended June 30, 2020, 1,584,000 common shares for a total cost of $0.5 million have been repurchased. Effective May 21, 2020, Western decided to suspend further purchases under its share repurchase program. Western may determine to recommence purchases under its program or otherwise modify its share purchase plans in the future at any time without prior notice.
- On June 30, 2020, the Company announced that it and Alberta Investment Management Corporation, the lender under its second lien secured term loan facility (the "Second Lien Facility"), have agreed to amend the Second Lien Facility agreement to provide that the payment of interest and a portion of principal that Western would have been required to pay on July 2, 2020 will now be due on September 1, 2020.

Selected Financial Information

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

Financial Highlights	Three months ended June 30 2020	2019	Change	Six months ended June 30 2020	2019	Change
Revenue	10,802	37,728	(71%)	62,567	103,503	(40%)
Adjusted EBITDA[1]	4,036	2,438	66%	12,398	13,686	(9%)
Adjusted EBITDA as a percentage of revenue	37%	6%	517%	20%	13%	54%
Cash flow from operating activities	25,732	17,501	47%	27,272	23,389	17%
Additions to property and equipment	258	1,691	(85%)	833	3,883	(79%)
Net loss	(8,042)	(10,128)	(21%)	(23,372)	(17,206)	36%
– basic net loss per share	(0.09)	(0.11)	(18%)	(0.26)	(0.19)	37%
– diluted net loss per share	(0.09)	(0.11)	(18%)	(0.26)	(0.19)	37%
Weighted average number of shares						
– basic	90,918,814	92,307,042	(2%)	91,405,800	92,306,939	(1%)
– diluted	90,918,814	92,307,042	(2%)	91,405,800	92,306,939	(1%)
Outstanding common shares as at period end	90,918,814	92,307,042	(2%)	90,918,814	92,307,042	(2%)

(1) See "Non-IFRS measures" included in this press release.

Operating Highlights[2]	Three months ended June 30 2020	2019	Change	Six months ended June 30 2020	2019	Change
Contract Drilling						
Canadian Operations:						
Contract drilling rig fleet:						
– Average active rig count	-	7.0	(100%)	7.4	12.8	(42%)
– End of period	49	49	-	49	49	-
Revenue per Billable Day	*NM*	23,265	*NM*	22,173	21,972	1%
Revenue per Operating Day	*NM*	25,405	*NM*	25,164	24,568	2%
Operating Days	-	582	(100%)	1,181	2,075	(43%)
Drilling rig utilization – Billable Days	-	14%	(100%)	15%	26%	(42%)
Drilling rig utilization – Operating Days	-	13%	(100%)	13%	23%	(43%)
CAODC industry average utilization – Operating Days[3]	4%	14%	(71%)	20%	22%	(9%)
United States Operations:						
Contract drilling rig fleet:						
– Average active rig count	0.2	4.3	(95%)	1.0	4.9	(80%)
– End of period	8	8	-	8	8	-
Revenue per Billable Day (US$)	*NM*	21,165[5]	*NM*	20,652[4]	20,499[5]	1%
Revenue per Operating Day (US$)	*NM*	24,597[5]	*NM*	24,556[4]	24,024[5]	2%
Operating Days	7	338	(98%)	149	760	(80%)
Drilling rig utilization – Billable Days	2%	54%	(96%)	12%	64%	(81%)
Drilling rig utilization – Operating Days	1%	46%	(98%)	10%	55%	(82%)
Production Services						
Canadian Operations:						
Well servicing rig fleet:						
– Average active rig count	5.5	13.0	(58%)	14.6	18.0	(19%)
– End of period	63	63	-	63	63	-
Revenue per Service Hour	654	657	-	713	667	7%
Service Hours	5,043	11,646	(57%)	26,534	32,144	(17%)
Service rig utilization	9%	20%	(55%)	23%	28%	(18%)

NM: Not meaningful due to the limited activity in the period.

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

(3) Source: The Canadian Association of Oilwell Drilling Contractors ("CAODC") monthly Contractor Summary. The CAODC 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$4.7 million for the six months ended June 30, 2020.

(5) Excludes shortfall commitment revenue from take of pay contracts of US$1.3 million for the three and six months ended June 30, 2019.

Financial Position at (stated in thousands)	June 30, 2020	December 31, 2019	June 30, 2019
Working capital	(4,555) (1)	7,031	4,981
Property and equipment	480,372	511,052	591,935
Total assets	494,493	550,537	626,890
Long term debt	214,255	228,274	223,363

(1) The definition of the working capital ratio under the Company's Credit Facilities differs from that presented above in this press release, as the interest accrued on the Second Lien Facility and the current portion of long term debt as at June 30, 2020 are excluded from current liabilities in the ratio. See Liquidity and Capital Resources discussion on page 11 of the Company's management's discussion and analysis as at and for the three and six months ended June 30, 2020.

Western is an oilfield service company focused on three core business lines: contract drilling, well servicing and oilfield rental equipment services. Western provides contract drilling services through its division, Horizon Drilling ("Horizon") in Canada, and its wholly owned subsidiary, Stoneham Drilling Corporation ("Stoneham") in the United States ("US"). 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. Stoneham's division, Western Oilfield Services, provides well servicing operations in the United States. Financial and operating results for Horizon and Stoneham are included in Western's contract drilling segment, while financial and operating results for Eagle, Aero, and Western Oilfield Services are included in Western's production services segment.

Western has a drilling rig fleet of 57 rigs specifically suited for drilling complex horizontal wells. Western is currently the fourth largest drilling contractor in Canada, based on the CAODC registered rigs[3], with a fleet of 49 rigs operating through Horizon. Of the Canadian fleet, 23 are classified as Cardium class rigs, 19 as Montney class rigs and seven as Duvernay class rigs. As compared to the Cardium class rigs, the Montney class rigs have a larger hookload, while the Duvernay class rigs have the largest hookload allowing the rig to support more drill pipe downhole. Additionally, Western has eight drilling rigs operating through Stoneham in the US, including six Duvernay class rigs. Western is also the fourth largest well servicing company in Canada, based on the CAODC registered rigs[4], with a fleet of 63 rigs operating through Eagle. Additionally, Western Oilfield Services operates three well servicing rigs in the Bakersfield area of California in the US. Western's oilfield rental equipment division, which operates through Aero, provides oilfield rental equipment for hydraulic fracturing services, well completions and production work, coil tubing and drilling services.

Crude oil and natural gas prices impact the cash flow of Western's customers, which in turn impacts the demand for Western's services. The following table summarizes average crude oil and natural gas prices, as well as average foreign exchange rates, for the three and six months ended June 30, 2020 and 2019.

	Three months ended June 30			Six months ended June 30		
	2020	2019	Change	2020	2019	Change
Average crude oil and natural gas prices(1)(2)						
Crude Oil						
West Texas Intermediate (US$/bbl)	27.84	59.84	(53%)	37.01	57.33	(35%)
Western Canadian Select (CDN$/bbl)	22.42	65.75	(66%)	28.26	61.20	(54%)
Natural Gas						
30 day Spot AECO (CDN$/mcf)	1.96	1.08	81%	1.97	1.82	8%
Average foreign exchange rates(2)						
US dollar to Canadian dollar	1.39	1.34	4%	1.36	1.33	2%

(1) See "Abbreviations" included in this press release.
(2) Source: Sproule June 30, 2020 Price Forecast, Historical Prices.

West Texas Intermediate ("WTI") on average declined by 53% and 35% for the three and six months ended June 30, 2020 respectively, compared to the same periods in the prior year. Similarly, pricing on Western Canadian Select ("WCS") crude oil decreased by 66% and 54% for the three and six months ended June 30, 2020 respectively, compared to the same periods in the prior year. Crude oil prices in 2020 for both Canada and the US were impacted by the international price war between Saudi Arabia and Russia, coupled with the ongoing COVID-19 pandemic. Crude oil prices reached historical lows in the six months ended June 30, 2020, which significantly impacted the demand for the Company's services. Natural gas prices in Canada strengthened in the first half of the year, as the 30 day spot AECO price improved by 81% and 8% respectively, for the three and six months ended June 30, 2020, compared to the same periods of the prior year. The US dollar to the Canadian dollar foreign exchange rate strengthened in both the three and six months ended June 30, 2020, compared to the same periods of the prior year, which had a slightly positive effect on the cash flows of Western's Canadian customers, when selling US dollar denominated commodities.

[3] Source: CAODC Contractor Summary as at July 27, 2020.
[4] Source: CAODC Fleet List as at July 27, 2020.

In the United States, industry activity decreased in the first half of 2020. As reported by Baker Hughes Company[5], the number of active drilling rigs in the United States decreased by approximately 73% in the first half of 2020, as compared to the same period in the prior year. The international price war coupled with unprecedented low demand as a result of the COVID-19 pandemic have 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 Canada and the US. The number of active rigs in the WCSB decreased to historical lows in the second quarter of 2020 with only 16 active rigs in mid-June, compared to 128 rigs at the same time in 2019. The CAODC[6] reported that for drilling in Canada, the total number of Operating Days in the WCSB decreased by approximately 76% and 19% for the three and six months ended June 30, 2020 as compared to the same periods in the prior year.

Outlook

Currently, 2 of Western's drilling rigs and 18 of Western's well servicing rigs are operating. One of Western's 57 drilling rigs is under a term take or pay contract, which is expected to expire in 2021. These contracts each typically generate between 250 and 350 Billable Days per year.

Due to decreased activity levels as a result of the unprecedented demand destruction and ultra-low commodity price environment associated with the COVID-19 pandemic, Western's revised capital budget for 2020 is expected to total approximately $2 million, mainly related to maintenance capital. Western believes the revised 2020 capital budget provides a prudent use of cash resources to manage its balance sheet. Western will continue to manage its operations in a disciplined manner and make required adjustments to its capital program as customer demand changes.

The significant decrease in crude oil prices in the first half of 2020 resulting from the COVID-19 pandemic and international price war have caused increased uncertainty in global markets. Low crude oil demand associated with the COVID-19 pandemic is having a significant impact on Western's customers. 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, continued uncertainty surrounding takeaway capacity related to the timing of completion of the construction on the Trans Mountain pipeline expansion and the delays associated with the Keystone XL pipeline, as well as the in service date of the Enbridge Line 3 pipeline replacement, have resulted in 2020 capital budgets for Western's Canadian customers decreasing considerably year over year. As such, activity levels in Canada and the United States are expected to be significantly lower in 2020, compared to 2019 levels. Controlling fixed costs, maintaining balance sheet flexibility and managing through the unprecedented market downturn are priorities for the Company, as prices and demand for Western's services remain below historical levels. Since the beginning of the year, Western temporarily reduced its salaried workforce by 50%, reduced cash compensation for the remaining employees, reduced planned capital expenditures, and continues to identify opportunities to further streamline its support structure. Going forward, Western's variable cost structure, and a prudent capital budget, will aid in preserving its balance sheet.

As at June 30, 2020, Western had no amounts drawn on its $60.0 million credit facilities, consisting of its $50.0 million syndicated first lien credit facility (the "Revolving Facility") and its $10.0 million committed operating facility (the "Operating Facility" and together the "Credit Facilities"), which mature on December 17, 2021. Western currently has $210.2 million outstanding on its Second Lien Facility, which matures on January 31, 2023.

Oilfield service activity in Canada will be affected by the development of resource plays in Alberta and northeast British Columbia which will be impacted by pipeline construction, environmental regulations, and the level of investment in Canada. In the short term, the largest challenges facing the oilfield service industry are ongoing liquidity concerns as a result of the reduced customer spending caused by the demand destruction from the COVID-19 pandemic and international price war, ultra-low crude oil pricing, and limited take away capacity. However, Western views the Government of Canada's decision to contribute $1.7 billion towards the clean-up of abandoned and orphaned wells favorably and agrees this will assist with improving industry activity for well servicing activities in the short term. Western has submitted applications and has begun to see work awarded under these programs. In the medium term, Western's rig fleet is well positioned to benefit from the recently approved liquefied natural gas project in British Columbia. It remains Western's view that its modern drilling and well servicing rig fleets, reputation, and disciplined cash management provide a competitive advantage which will enable the Company to manage through the current challenging oilfield service environment.

Non-IFRS Measures

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

[5] Source: Baker Hughes Company, 2020 Rig Count monthly press releases.
[6] Source: CAODC, monthly Contractor Summary.

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.

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

	Three months ended June 30		Six months ended June 30	
(stated in thousands)	2020	2019	2020	2019
Net loss	(8,042)	(10,128)	(23,372)	(17,206)
Income tax recovery	(3,095)	(8,807)	(8,234)	(11,329)
Loss before income taxes	(11,137)	(18,935)	(31,606)	(28,535)
Add (deduct):				
Depreciation	12,245	16,472	25,143	32,848
Stock based compensation	135	140	235	314
Finance costs	4,474	4,700	9,152	9,376
Other items	(1,681)	61	(2,026)	(317)
Impairment of property and equipment	-	-	11,500	-
Adjusted EBITDA	4,036	2,438	12,398	13,686

Defined Terms:

Average active rig count (contract drilling): Calculated as drilling rig utilization – Billable Days 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.

Billable Days: Defined as Operating Days plus rig mobilization days.

Drilling rig utilization – Operating Days (or "Drilling Rig Utilization"): Calculated based on Operating Days divided by total available days.

Drilling rig utilization – Billable Days: Calculated based on Billable 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:

- Alternating current ("AC");
- 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 Oilwell Drilling Contractors ("CAODC");
- DecaNewton ("daN");
- Horsepower ("HP");
- International Financial Reporting Standards ("IFRS");
- NM: Not meaningful due to the limited activity in the period;
- 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 press release contains certain statements or disclosures relating to Western that are based on the expectations of Western as well as assumptions made by and information currently available to Western which may constitute forward-looking information under applicable securities laws. 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", "potential", "continue", "looking to", 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 information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information.

In particular, forward-looking information in this press release includes, but is not limited to, statements relating to commodity pricing; the future demand for the Company's services and equipment, in particular, in light of the ultra-low commodity price environment associated with the international price war and the COVID-19 pandemic; the pricing for the Company's services and equipment; the terms of existing and future drilling contracts in Canada and the US and the revenue resulting therefrom (including the number of Billable Days typically generated from such contracts and expected expiration dates of such contracts); the Company's revised expansion and maintenance capital plans for 2020 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, working capital requirements and the revised 2020 capital budget; expectations as to the increase in crude oil transportation capacity through pipeline development; expectations as to the benefits of the liquefied natural gas expansion in British Columbia on the Company and its rig fleet; the future deployment or retirement of rigs and other existing assets; the potential impact of changes to laws, governmental and environmental regulations; 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 approach to management of its budget and operations; the Company's ability to maintain a competitive advantage to enable it to manage the current oilfield service environment; and the Company's ability to find and maintain enough field crew members; and the Company's plans to recommence purchases of common shares under the Bid.

The material assumptions in making the forward-looking statements in this press release include, but are not limited to: demand levels and pricing for oilfield services; demand for crude oil and natural gas and the price and volatility of crude oil and natural gas; pressures on commodity pricing; the continued business relationships between the Company and its significant customers; the Company's competitive advantage; crude oil transport and pipeline approval and development; 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); assumptions with respect to global economic conditions and the accuracy of the Company's market outlook expectations for 2020 and in the future; the Company's expectations regarding the impacts, direct and indirect, of the COVID-19 pandemic on our 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 statements and information are based on 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 correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve 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 risk that the ultra-low commodity price environment will be sustained for an indefinite period, the impact of the COVID-19 pandemic and the resulting effects on economic conditions, restrictions imposed by public health authorities or governments, fiscal and monetary responses by governments and financial institutions and 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 heading "Risk Factors" in Western's annual information form for the year ended December 31, 2019 which may be accessed through the SEDAR website at www.sedar.com. The forward-looking statements and information contained in this press release are made as of the date hereof and Western does not undertake any obligation to update publicly or revise any forward-looking statements and information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

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