WESTERN ENERGY SERVICES CORP. RELEASES FOURTH QUARTER AND YEAR END 2013 FINANCIAL AND OPERATING RESULTS, INCREASES 2014 CAPITAL BUDGET AND DECLARES QUARTERLY DIVIDEND

FOR IMMEDIATE RELEASE: February 27, 2014

CALGARY, ALBERTA - Western Energy Services Corp. ("Western" or the "Company") (TSX: WRG) is pleased to release its fourth quarter and year end 2013 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 years ended December 31, 2013 and 2012 will be available on SEDAR at www.sedar.com. All amounts are denominated in Canadian dollars (CDN$) unless otherwise identified.

Fourth Quarter 2013 Highlights:

- Operating Revenue totalled $119.8 million, a $43.4 million increase (or 57%) over the same period in the prior year due to the increased size and scale of Western's production services segment following the acquisition of IROC Energy Services Corp. ("IROC") on April 22, 2013, as well as higher utilization in the contract drilling segment in both Canada and the United States, coupled with a larger average drilling rig fleet in Canada. These increases were partially offset by decreased day rates in the United States, while day rates in Canada recovered in the fourth quarter of 2013 to remain unchanged, averaging approximately $28,900 in both the fourth quarters of 2013 and 2012;
- Utilization in the Canadian contract drilling segment improved to 65% as compared to 55% in the same period of 2012 and the CAODC industry average of 43%. In the United States, contract drilling utilization increased to 87% as compared to 62% in the same period of the prior year due to increased marketing efforts, the addition of the Company's first 1,500 hp AC ELR triple pad rig conversion to the United States fleet, and strong operational performance;
- Total well servicing hours in Western's production services segment increased significantly following the acquisition of IROC in the second quarter, increasing by 1,093% as compared to the same period in the prior year. Likewise, well servicing utilization improved to 53% as compared to 45% in the same period of the prior year;
- EBITDA totalled $43.5 million, a $12.1 million increase (or 39%) over the same period in the prior year. Included in EBITDA in the fourth quarter of 2013 is approximately $2 million in one-time personnel costs, which were partially offset by a $1.6 million increase in capitalized overhead. In addition, prior year EBITDA included $2.2 million of contracted shortfall commitment revenue. Normalizing for these three items, EBITDA increased $14.5 million (or 50%) from the same period in the prior year;
- Capital expenditures totalled $27.5 million and include $23.3 million of expansion capital, $3.8 million of maintenance capital and $0.4 million for critical spares and mainly relate to the drilling rig build program in the contract drilling segment relating to the construction of three drilling rigs, one of which was commissioned in the fourth quarter of 2013, with the remaining two rigs commissioned in the first quarter of 2014.
- Additionally, Western is pleased to announce a $31 million increase to the 2014 capital budget, which includes the construction of one 5,500m ELR AC triple drilling rig and one 4,500m telescopic ELR double drilling rig. With this capital announcement, coupled with Western's previously announced capital budget of $52 million, and $21 million in carry forward from Western's 2013 budget, Western's capital spending in 2014 is expected to total approximately $104 million.

Full Year 2013 Highlights:

- Operating Revenue totalled $353.1 million, a $70.3 million increase (or 25%) over the prior year due to increased revenue in the production services segment subsequent to the acquisition of IROC, improved utilization and an increased drilling rig fleet in the contract drilling segment. These increases were partially offset by lower pricing in the contract drilling segment in both Canada and the United States, although pricing recovered in Canada in the fourth quarter of 2013 to fourth quarter 2012 levels;
- Contract drilling utilization in Canada averaged 55% as compared to 54% in the prior year and the CAODC industry average of 40%. In the United States, contract drilling utilization averaged 67% in 2013 as compared to 68% in 2012;
- Subsequent to the acquisition of IROC, total well servicing hours in the production services segment significantly increased by 1,265% as compared to the prior year. Well servicing utilization averaged 45% in 2013 as compared to 36% in 2012;
- EBITDA totalled $117.4 million, a $8.5 million increase (or 8%) as compared to the prior year. The increase in EBITDA is mainly due to the increased contribution from the production services segment following the acquisition of IROC coupled with improved utilization and an increased drilling rig fleet in Canada. These increases were significantly offset by lower average drilling day rates in both Canada and the United States;
- Capital expenditures totalled $95.2 million and include $78.7 million of expansion capital, $10.3 million of maintenance capital and $6.2 million for critical spares, and mainly relate to Western's drilling rig build program which commissioned three drilling rigs in 2013 and an additional two rigs commissioned in the first quarter of 2014.

Selected Financial Information

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

Financial Highlights	Three months ended December 31 2013	2012	Change	Year ended December 31 2013	2012	Change
Revenue	129,713	83,338	56%	379,943	308,617	23%
Operating Revenue[1]	119,831	76,455	57%	353,124	282,856	25%
Gross Margin[1]	52,980	37,360	42%	147,559	131,063	13%
Gross Margin as a percentage of operating revenue	44%	49%	(10%)	42%	46%	(9%)
EBITDA[1]	43,543	31,381	39%	117,423	108,931	8%
EBITDA as a percentage of operating revenue	36%	41%	(12%)	33%	39%	(15%)
Cash flow from operating activities	36,869	11,021	235%	114,358	104,916	9%
Capital expenditures	27,529	20,328	35%	95,234	127,231	(25%)
Net income	15,797	13,092	21%	35,246	45,178	(22%)
-basic net income per share	0.22	0.22	-	0.51	0.77	(34%)
-diluted net income per share	0.21	0.22	(5%)	0.50	0.74	(32%)
Weighted average number of shares						
-basic	73,374,219	59,485,594	23%	69,032,574	58,784,692	17%
-diluted	73,654,868	60,800,390	21%	69,873,460	60,860,359	15%
Outstanding common shares as at period end	73,386,191	59,582,143	23%	73,386,191	59,582,143	23%
Dividends declared	5,504	4,469	23%	20,983	8,924	135%

Financial Position at (stated in thousands)	December 31, 2013	December 31, 2012	Change
Working capital	50,616	77,628	(35%)
Property and equipment	783,225	568,157	38%
Total assets	986,792	749,448	32%
Long term debt	262,877	186,948	41%

Operating Highlights	Three months ended December 31 2013	2012	Change	Year ended December 31 2013	2012	Change
Contract Drilling						
Canadian Operations:						
Contract drilling rig fleet:						
-Average	46	44	5%	45	41	10%
-End of period	47	44	7%	47	44	7%
Operating revenue per operating day (CDN$)[2]	28,884	28,867 [6]	-	27,513	29,102 [6]	(5%)
Drilling rig operating days[3]	2,754	2,198	25%	9,098	8,127	12%
Drilling rig utilization per revenue day[4]	72%	62%	16%	61%	60%	2%
Drilling rig utilization rate per operating day[3]	65%	55%	18%	55%	54%	2%
CAODC industry average utilization rate[3]	43%	40%	8%	40%	42%	(5%)
United States Operations:						
Contract drilling rig fleet:						
-Average	5	5	-	5	5	-
-End of period	5	5	-	5	5	-
Operating revenue per operating day (US$)[2]	26,559	32,356	(18%)	26,942	32,742	(18%)
Drilling rig operating days[3]	402	286	41%	1,228	1,238	(1%)
Drilling rig utilization per revenue day[4]	99%	79%	25%	81%	85%	(5%)
Drilling rig utilization per operating day[3]	87%	62%	40%	67%	68%	(1%)
Production Services						
Well servicing rig fleet:						
-Average	65	7	829%	48	5	860%
-End of period	65	8	713%	65	8	713%
Operating revenue per service hour (CDN$)[2]	804	614	31%	766	596	29%
Total service hours	31,403	2,633	1,093%	77,879	5,705	1,265%
Service rig utilization rate[5]	53%	45%	18%	45%	36%	25%

(1) See financial measures reconciliations.
(2) Operating revenue per operating day and per service hour are calculated using operating revenue divided by operating days and service hours, respectively.
(3) Drilling rig utilization rate per operating day and drilling rig operating days are calculated on operating days only (i.e. spud to rig release basis).
(4) Drilling rig utilization rate per revenue day is calculated based on operating and move days.
(5) Service rig utilization rate calculated based on full utilization of 10 hours per day, 365 days per year.
(6) Excludes $2.2 million of shortfall commitment revenue from take-or-pay contracts.

Outlook

Western's operations are focused on three core business lines: contract drilling, well servicing and oilfield equipment rental services. Western currently has a drilling rig fleet of 54 rigs, with an average age of approximately six years. Western is the sixth largest drilling contractor in Canada with a fleet of 49 rigs operating through Horizon Drilling. Additionally, Western has five ELR triple drilling rigs deployed in the United States operating through Stoneham Drilling Corporation. Western is also the seventh largest well servicing company in Canada with a fleet of 65 rigs operating through Eagle Well Servicing. Western's well servicing fleet is one of the newest in the Western Canadian Sedimentary Basin, with an average age of approximately four years. Western's oilfield equipment rental division operates through Aero Rental Services ("Aero"), which provides oilfield rental equipment to meet our customer's needs in drilling and various completion processes such as fracturing, coil tubing and steam assisted gravity drainage ("SAGD") operations for oil and gas producers and oilfield service companies.

Western's drilling rig fleet is specifically suited for the current market which is focused on drilling horizontal wells of increased complexity. In total, 94% of Western's fleet are ELR drilling rigs with depth ratings greater than 3,000 meters and all of Western's rigs are capable of drilling resource based horizontal wells. Approximately 41% of Western's fleet is currently under long term take-or-pay contracts, an increase from the third quarter of 2013 when approximately one third of the fleet was under long term contracts. The increase is due to improved demand for high quality deep drilling rigs such as Western's. The average remaining term on these contracts is approximately 2.2 years, which provides a base level of revenue. These contracts typically generate 250 operating days per year in Canada, as spring breakup restricts activity during the second quarter, while in the United States these contracts typically range from 330 to 365 revenue generating days per year.

Western's approved capital spending for 2014 totals approximately $104 million, which is comprised of $21 million of carry forward capital from 2013, $52 million relating to Western's previously announced 2014 budget and the additional $31 million announced today for the construction of one 5,500m ELR AC triple drilling rig and one 4,500m telescopic ELR double drilling rig. In total, Western's 2014 capital plan includes approximately $62 million in expansion capital and $42 million in maintenance capital, including $10 million for critical spare equipment. The $21 million of carry forward from Western's 2013 capital program is mainly related to the completion in January 2014 of one telescopic Efficient Long Reach double drilling rig in Canada, as well as the completion of two additional 1,500 hp AC pad conversions in the United States. Western believes the 2014 capital budget provides a prudent use of cash resources and ensures that it has the flexibility to execute on strategic opportunities as they arise. This budget demonstrates the Company's commitment to maintaining Western's premier drilling and service rig fleet while expanding Western's strategic presence in the oilfield rental equipment market. Western will continue to evaluate and expand its operations in a prudent manner and make any required adjustments to its capital program as these opportunities unfold in 2014.

During 2013, the price for light crude oil improved with the Edmonton Par price increasing 8% year over year, however the price for heavy crude oil, such as the Western Canadian Select price, increased by only 1% year over year. Natural gas prices have also improved; although they remain low by historical standards, the AECO 30-day spot rate increased on average by 29% in 2013 as compared to 2012. The increased commodity price environment and improving economic conditions in North America led to increased oilfield services activity in the fourth quarter of 2013, which has further improved through the first two months of 2014. Western believes oilfield services activity in 2014 and beyond will improve providing additional drilling rig build opportunities at attractive rates that meet our return on investment criteria. Activity is expected to continue improving as liquefied natural gas projects gain approval, crude oil transportation capacity increases through rail and pipeline development, drilling activity increases in the Duvernay and Montney resource plays in Alberta and northeast British Columbia, and as foreign investment continues to flow into Canada. Currently, the largest challenges facing the oilfield services industry are producer spending constraints, pricing differentials on Canadian crude oil, historically low natural gas prices, and the challenge to attract and retain skilled labour. The Company believes Western's modern drilling and well servicing rig fleet and corporate culture will provide a distinct advantage in retaining and attracting qualified individuals. Western is of the view, that its modern fleet, strong customer base and solid reputation provide a competitive advantage which will enable the Company to continue its growth strategy and higher than industry average utilization.

Quarterly Dividend

On February 27, 2014, Western's Board of Directors declared a quarterly dividend of $0.075 per share, which will be paid on April 14, 2014, to shareholders of record at the close of business on March 31, 2014. The dividends are eligible dividends for Canadian income tax purposes. On a prospective basis, the declaration of dividends will be determined on a quarter-by-quarter basis by the Board of Directors.

Financial Measures Reconciliations

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 consolidated statements of operations and comprehensive income 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.

Operating Revenue

Management believes that in addition to revenue, Operating Revenue is a useful supplemental measure as it provides an indication of the revenue generated by Western's principal operating activities, excluding third party charges.

The following table provides a reconciliation of revenue under IFRS as disclosed in the consolidated statements of operations and comprehensive income to Operating Revenue:

	Three months ended December 31		Year ended December 31	
(stated in thousands)	2013	2012	2013	2012
Operating Revenue				
Drilling	90,754	74,840	284,469	279,456
Production services	29,275	1,615	69,004	3,400
Less: inter-company eliminations	(198)	-	(349)	-
	119,831	76,455	353,124	282,856
Third party charges	9,882	6,883	26,819	25,761
Revenue	129,713	83,338	379,943	308,617

Gross Margin

Management believes that in addition to net income, Gross Margin is a useful supplemental measure as it provides an indication of the results generated by Western's principal operating activities prior to considering administrative expenses, depreciation and amortization, how those activities are financed, the impact of foreign exchange, how the results are taxed, how funds are invested, and how non-cash items and one-time gains and losses affect results.

EBITDA

Management believes that in addition to net income, earnings before interest and finance costs, taxes, depreciation and amortization, other non-cash items and one-time gains and losses ("EBITDA") is a useful supplemental measure as it provides an indication of the results generated by the Company's principal operating segments similar to Gross Margin but also factors in the cash administrative expenses incurred in the period.

Operating Earnings

Management believes that in addition to net income, Operating Earnings is a useful supplemental measure as it provides an indication of the results generated by the Company's principal operating segments similar to EBITDA but also factors in the depreciation expense charged in the period.

The following table provides a reconciliation of net income under IFRS as disclosed in the consolidated statements of operations and comprehensive income to Gross Margin, EBITDA and Operating Earnings:

	Three months ended December 31		Year ended December 31	
(stated in thousands)	2013	2012	2013	2012
Gross Margin	52,980	37,360	147,559	131,063
Add (subtract):				
Administrative expenses	(10,195)	(6,572)	(33,163)	(24,409)
Depreciation – administrative	345	365	1,431	971
Stock based compensation – administrative	413	228	1,596	1,306
EBITDA	43,543	31,381	117,423	108,931
Depreciation – operating	(15,916)	(9,067)	(47,701)	(31,890)
Depreciation – administrative	(345)	(365)	(1,431)	(971)
Operating Earnings	27,282	21,949	68,291	76,070
Stock based compensation – operating	(252)	(153)	(895)	(537)
Stock based compensation – administrative	(413)	(228)	(1,596)	(1,306)
Finance costs	(5,155)	(3,237)	(17,058)	(12,437)
Other items	(363)	(583)	(496)	(756)
Income taxes	(5,302)	(4,656)	(13,000)	(15,856)
Net income	15,797	13,092	35,246	45,178

2013 Fourth Quarter and Year End Results Conference Call and Webcast

Western has scheduled a conference call and webcast to begin promptly at 12:00 p.m. MST (2:00 p.m. EST) on February 28, 2014.

The conference call dial-in number is 1-888-231-8191.

A live webcast of the conference call will be accessible on Western's website at www.wesc.ca by selecting "*Investors*", then "*Webcasts*". Shortly after the live webcast, an archived version will be available for approximately 14 days.

The archived recording of the conference call will also be available approximately one hour after the completion of the call until March 14, 2014 by dialing 1-855-859-2056 or 416-849-0833, passcode 57856591.

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 such statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that Western anticipates or expects may, or will occur in the future (in whole or part) should be considered forward-looking information. In some cases forward-looking information can be identified by terms such as "forecast", "future," "may", "will", "expect", "anticipate,", "believe", "potential", "enable", "plan", "continue", "contemplate", "pro forma", or other comparable terminology.

In particular, forward-looking information in this press release includes, but is not limited to, statements relating to future dividends; the demand for the Company's services and equipment; the terms of existing and future drilling contracts in Canada and the US; the Company's expansion and maintenance capital plans for 2014; expectations as to the increase in crude oil transportation capacity through rail and pipeline development; expectations as to the necessary approvals for liquefied natural gas projects; the expectation of an increase in oilfield services activity in general and in drilling activity in the Duvernay and Montney resource plays in particular; and the Company's expected sources of funding to support such capital plans; the Company's expected utilization for its drilling and well servicing divisions; industry activity levels and pricing, and commodity pricing.

The material assumptions in making the forward-looking statements in this press release include, but are not limited to, assumptions relating to, demand levels and pricing for oilfield services; fluctuations in the price and demand for oil and natural gas; commodity pricing; general economic and financial market conditions; the Company's ability to finance its operations; the effects of seasonal and weather conditions on operations and facilities; changes in laws or regulations; currency exchange fluctuations and the ability of the Company to attract and retain skilled labour and qualified management and other unforeseen conditions which could impact the use of services supplied by Western and Western's ability to respond to such conditions.

Although Western 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 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, general industry, economic, market and business conditions, including, but not limited to, the risk that oilfield services activity will not improve in 2014 as anticipated 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 included in Western's annual information form 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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