WESTERN ENERGY SERVICES CORP. RELEASES THIRD QUARTER 2015 FINANCIAL AND OPERATING RESULTS AND DECLARES QUARTERLY DIVIDEND

FOR IMMEDIATE RELEASE: October 29, 2015

CALGARY, ALBERTA – Western Energy Services Corp. ("Western" or the "Company") (TSX: WRG) is pleased to release its third quarter 2015 financial and operating results and declares a reduced quarterly dividend of $0.05 per share. Additional information relating to the Company, including the Company's financial statements and management's discussion and analysis as at and for the three and nine months ended September 30, 2015 and 2014 will be available on SEDAR at www.sedar.com. Non-International Financial Reporting Standards ("Non-IFRS") measures and abbreviations for standard industry terms are included in this press release. All amounts are denominated in Canadian dollars (CDN$) unless otherwise identified.

Third Quarter 2015 Highlights:

- Third quarter Operating Revenues decreased by $73.6 million (or 62%) to $44.4 million in 2015 as compared to $118.0 million in 2014. In the contract drilling segment, Operating Revenues decreased by $55.8 million (or 64%) to $30.9 million in the third quarter of 2015 as compared to $86.7 million in the third quarter of 2014, while in the production services segment Operating Revenues decreased by $18.1 million (or 57%) to $13.4 million as compared to $31.5 million in the third quarter of 2014. The decrease in Operating Revenue is due to decreased utilization and pricing in both the contract drilling and production services segments as described below:
    - Drilling rig utilization – Operating Days in Canada decreased to 26% in the third quarter of 2015 as compared to 60% in the third quarter of 2014, resulting in a 56% decrease in Operating Days. The Cardium class rigs were impacted the most by the decreased drilling activity and increased competition in the industry resulting in a 73% decrease in Operating Days; whereas Operating Days for the Montney and Duvernay class rigs were also impacted but to a lesser extent decreasing by 49% and 20% respectively, in the third quarter of 2015. Third quarter 2015 drilling rig utilization – Operating Days of 26% reflects an approximate 200 basis points ("bps") premium to the Canadian Association of Oilwell Drilling Contractors ("CAODC") industry average of 24%, as compared to the 1,400 bps premium realized in the third quarter of 2014. The change relative to the CAODC industry average is due to a number of Western's customers, who typically have substantial drilling programs, significantly cutting their capital spending in 2015, which resulted in a lower premium to the CAODC industry average. Reduced activity and increased competition resulted in downward pricing pressure, which reduced Operating Revenue per Revenue Day in the contract drilling segment in Canada by approximately 15%. Pricing pressure was generally more significant for the Cardium class rigs and less so for the Montney and Duvernay class rigs;
    - In the United States, drilling rig utilization – Operating Days decreased to 19% in the third quarter of 2015, as compared to 89% in the same period of the prior year, due to reduced activity resulting from the decreased commodity price environment. However, in the United States, Operating Revenue per Revenue Day increased by approximately 15% in the third quarter of 2015, as one of Western's upgraded rigs worked throughout the quarter on a long term contract;
    - Well servicing utilization decreased to 26% in the third quarter of 2015 as compared to 55% in the same period of the prior year, which coupled with an 11% decrease in well servicing hourly rates, due to pricing pressure in all areas, resulted in an $18.1 million (or 57%) decrease in Operating Revenues in the production services segment in the period;
- Third quarter Adjusted EBITDA totalled $8.1 million in 2015, a $34.7 million decrease (or 81%), as compared to $42.8 million in the third quarter of 2014. The year over year decrease in Adjusted EBITDA is due to lower utilization and pricing in both the contract drilling and production services segments;
- Administrative expenses, excluding depreciation and stock based compensation, in the third quarter of 2015 decreased by $1.6 million (or 21%) to $6.2 million as compared to $7.8 million in the third quarter of 2014. The decrease in administrative expenses is due to lower employee related costs and cost control measures;
- As a result of the declining commodity price environment and reduced outlook for oilfield services activity and pricing, the Company recorded a $71.3 million goodwill impairment loss in the third quarter of 2015. $59.1 million of the goodwill impairment loss was recorded in the contract drilling segment, representing the full amount of goodwill allocated to the segment. Additionally, $12.2 million of the goodwill impairment loss was recorded in the production services segment, representing the full amount of goodwill allocated to the oilfield rental division;
- Net income decreased by $91.5 million to a loss of $76.8 million in the third quarter of 2015 (a loss of $1.04 per basic common share) as compared to net income of $14.7 million in the same period in 2014 ($0.20 per basic common share). The decrease is mainly attributed to the $71.3 million loss on goodwill impairment, a $34.7 million decrease in Adjusted EBITDA and a $0.5 million increase in finance and other costs, offset by a $7.8 million decrease in income tax expense and a decrease in depreciation expense of $7.2 million due to lower activity levels. Normalizing for the $71.3 million goodwill impairment loss, net income totalled a loss of $5.5 million (a loss of $0.08 per basic common share);

- Third quarter capital expenditures of $4.8 million included $2.3 million of expansion capital and $2.5 million of maintenance capital. The majority of the third quarter 2015 capital expenditures relate to the contract drilling segment, which incurred $3.2 million in capital expenditures. These expenditures mainly relate to the completion of Western's 2014 drilling rig build program, which totalled $1.7 million in the period relating to the construction of three Duvernay class drilling rigs. The remaining capital spending in the contract drilling segment related to maintenance capital. Additionally, $1.5 million was incurred in the production services segment relating to maintenance capital and the purchase of additional oilfield rental equipment;
- For the three months ended September 30, 2015, 801,300 common shares for a total cost of $4.1 million were repurchased, cancelled and charged to share capital under the Company's normal course issuer bid (the "NCIB").

Year to Date Highlights:

- Operating Revenues for the nine month period ended September 30, 2015 decreased by $168.9 million (or 49%) to $176.0 million as compared to $344.9 million in the same period of the prior year. In the nine month period ended September 30, 2015, Operating Revenues in the contract drilling segment decreased by $131.9 million (or 52%) to $123.3 million as compared to $255.2 million in the same period of the prior year, while in the production services segment, Operating Revenues decreased $38.0 million (or 42%) to $53.0 million as compared to $91.0 million in the same period of the prior year. The decrease in Operating Revenue is due to the decreased utilization and pricing in both the contract drilling and production services segments as described below:
    - Drilling rig utilization – Operating Days in Canada decreased to 28% in the nine months ended September 30, 2015 as compared to 58% in the nine months ended September 30, 2014, resulting in a 51% decrease in Operating Days as the decreased commodity price environment resulted in significant reductions in the capital spending programs of Western's customers. On a year to date basis, Operating Days for the Cardium class rigs decreased by 65% as compared to the same period in the prior year and were impacted to a greater extent by the competitive environment; whereas Operating Days for the Montney class rigs decreased by 49% and the Duvernay class rigs increased by 28% as compared to the same period in the prior year. Drilling rig utilization – Operating Days of 28% for the nine months ended September 30, 2015 reflects an approximate 400 bps premium to the CAODC industry average of 24%, as compared to the 1,400 bps premium realized in same period of 2014. The change relative to the CAODC industry average is due to a number of Western's customers, who typically have substantial drilling programs, significantly cutting their capital spending in 2015, which resulted in a lower premium to the CAODC industry average. Reduced activity and increased competition resulted in downward pricing pressure on day rates and resulted in Operating Revenue per Revenue Day in the contract drilling segment in Canada decreasing by 8% in 2015. Pricing pressure was generally more significant for the Cardium class rigs and less so for the Montney and Duvernay class rigs;
    - In the United States, drilling rig utilization – Operating Days decreased to 32% for the nine months ended September 30, 2015 as compared to 82% in the same period of the prior year. However, Operating Revenue per Revenue Day in the United States increased by approximately 15% for the nine months ended September 30, 2015 as one of Western's upgraded rigs worked throughout the period on a long term contract. Included in Operating Revenues in the contract drilling segment for the nine month period ended September 30, 2015 is US$4.5 million in shortfall commitment and standby revenue on idle but contracted rigs in the United States;
    - Well servicing utilization decreased by 2,200 bps to 31% in the nine month period ended September 30, 2015, as compared to 53% for the same period of the prior year. The decrease in utilization coupled with a 1% decrease in well servicing hourly rates, due to pricing pressure in all areas, resulted in a $38.0 million (or 42%) decrease in Operating Revenues in the production services segment for the nine months ended September 30, 2015.
- For the nine months ended September 30, 2015, Adjusted EBITDA decreased by $73.4 million (or 58%) to $53.0 million, as compared to $126.4 million in the nine months ended September 30, 2014. The decrease in Adjusted EBITDA is due to lower activity and pricing across all of Western's divisions, partially offset by Western's cost structure, with approximately 80% of costs being variable, and effective reductions of fixed overhead costs;
- Year to date administrative expenses, excluding depreciation and stock based compensation, decreased by $3.4 million (or 15%) to $19.6 million, as compared to $23.0 million in the same period of the prior year. The decrease in administrative expenses is due to lower employee related costs and cost control measures;
- Net income decreased by $118.7 million to a loss of $74.1 million for the nine months ended September 30, 2015 (a loss of $1.00 per basic common share) as compared to net income of $44.6 million ($0.60 per basic common share) for the same period in 2014. The decrease is mainly attributed to the $73.4 million decrease in Adjusted EBITDA and the $71.3 million loss on goodwill impairment, offset by a decrease in depreciation expense of $16.2 million due to lower activity levels, a decrease in income tax expense of $7.8 million due to lower taxable income, a decrease of $1.0 million on other items such as gains and losses on foreign exchange, asset sales and derivatives, and a decrease of $0.9 million in finance costs due to an increase in capitalized interest;

- Year to date capital expenditures of $30.3 million include $21.0 million of expansion capital and $9.3 million of maintenance capital. The majority of the capital expenditures for the nine months ended September 30, 2015 relate to the contract drilling segment, which incurred $24.3 million in capital expenditures. These expenditures mainly relate to the completion of Western's 2014 drilling rig build program, which totalled $18.9 million in the period relating to the construction of three Duvernay class drilling rigs. The remaining capital spending in the contract drilling segment relates to maintenance capital. Additionally, capital expenditures totalled $5.9 million in the production services segment and related to the construction of one slant well servicing rig, the purchase of additional oilfield rental equipment, and maintenance capital of $3.6 million;
- For the nine months ended September 30, 2015, 1,258,200 common shares for a total cost of $6.6 million were repurchased, cancelled and charged to share capital, or contributed surplus as applicable, under the Company's NCIB. As at October 29, 2015, since the NCIB was initiated, 1,307,700 common shares, for a total cost of $6.8 million, have been repurchased, cancelled and charged to share capital, or contributed surplus, as applicable.

Quarterly Dividend

Given the current commodity price environment and limited visibility for oilfield service activity heading into 2016, the Board of Directors has reduced the quarterly dividend by 33%, to $0.05 per share, payable on January 14, 2016 to shareholders of record at the close of business on December 31, 2015. These dividends are eligible 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.

Selected Financial Information

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

	Three months ended Sept 30			Nine months ended Sept 30		
Financial Highlights	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**
Revenue	46,959	125,225	(63%)	184,846	368,622	(50%)
Operating Revenue[(1)]	44,350	117,960	(62%)	176,027	344,939	(49%)
Gross Margin[(1)]	14,285	50,570	(72%)	72,579	149,405	(51%)
Gross Margin as a percentage of Operating Revenue	32%	43%	(26%)	41%	43%	(5%)
Adjusted EBITDA[(1)]	8,080	42,782	(81%)	52,972	126,358	(58%)
Adjusted EBITDA as a percentage of Operating Revenue	18%	36%	(50%)	30%	37%	(19%)
Cash flow from operating activities	(530)	22,975	(102%)	79,816	133,521	(40%)
Capital expenditures	4,752	31,144	(85%)	30,303	77,533	(61%)
Net income (loss)	(76,816)	14,718	(622%)	(74,129)	44,614	(266%)
-basic net income (loss) per share	(1.04)	0.20	(620%)	(1.00)	0.60	(267%)
-diluted net income (loss) per share	(1.04)	0.19	(647%)	(1.00)	0.59	(269%)
Weighted average number of shares						
-basic	74,044,832	74,849,483	(1%)	74,434,833	74,232,921	-
-diluted	74,044,832	75,742,044	(2%)	74,434,833	75,641,911	(2%)
Outstanding common shares as at period end	73,684,965	74,883,428	(2%)	73,684,965	74,883,428	(2%)
Dividends declared	5,526	5,615	(2%)	16,710	16,762	-

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

	Three months ended Sept 30			Nine months ended Sept 30		
Operating Highlights	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**
Contract Drilling						
Canadian Operations:						
Contract drilling rig fleet:						
-Average	50	49	2%	49	49	-
-End of period	52	49	6%	52	49	6%
Operating Revenue per Revenue Day[(1)]	21,135	24,887	(15%)	23,815	25,852	(8%)
Operating Revenue per Operating Day[(1)]	23,220	27,350	(15%)	26,221	28,343	(7%)
Operating Days[(1)]	1,176	2,692	(56%)	3,793	7,754	(51%)
Drilling rig utilization - Revenue Days[(1)]	28%	66%	(58%)	31%	64%	(52%)
Drilling rig utilization - Operating Days[(1)]	26%	60%	(57%)	28%	58%	(52%)
CAODC industry average utilization[(1)(2)]	24%	46%	(48%)	24%	44%	(45%)
United States Operations:						
Contract drilling rig fleet:						
-Average	5	5	-	5	5	-
-End of period	5	5	-	5	5	-
Operating Revenue per Revenue Day (US$)[(1)]	30,260	26,239	15%	29,140[(3)]	25,385	15%
Operating Revenue per Operating Day (US$)[(1)]	32,341	29,348	10%	32,967[(3)]	28,905	14%
Operating Days[(1)]	86	410	(79%)	442	1,121	(61%)
Drilling rig utilization - Revenue Days[(1)]	20%	100%	(80%)	37%	94%	(61%)
Drilling rig utilization - Operating Days[(1)]	19%	89%	(79%)	32%	82%	(61%)
Production Services						
Well servicing rig fleet:						
-Average	66	65	2%	66	65	2%
-End of period	66	65	2%	66	65	2%
Service Rig Operating Revenue per Service Hour[(1)]	712	804	(11%)	799	810	1%
Service Hours	15,565	33,071	(53%)	55,873	93,313	(40%)
Service rig utilization[(1)]	26%	55%	(53%)	31%	53%	(42%)

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

(2) Source: The Canadian Association of Oilwell Drilling Contractors ("CAODC"). The CAODC industry average is based on Operating Days divided by total available days.

(3) Excludes shortfall commitment and standby revenue from take or pay contracts of US$4.5 million for the nine months ended September 30, 2015.

Financial Position at (stated in thousands)	Sept 30, 2015	Sept 30, 2014	Dec 31, 2014
Working capital	71,735	71,912	78,336
Property and equipment	843,670	816,825	827,306
Total assets	947,137	1,040,973	1,057,118
Long term debt	264,219	263,624	264,165

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 operations in Canada through Western Energy Services Partnership's (the "Partnership") division, Eagle Well Servicing ("Eagle") and oilfield rental equipment services in Canada through the Partnership's division, Aero Rental Services ("Aero"). Financial and operating results for Horizon and Stoneham are included in Western's contract drilling segment, while Eagle and Aero's financial and operating results are included in Western's production services segment.

Western currently has a drilling rig fleet of 57 rigs specifically suited for drilling horizontal wells of increased complexity. The average age of the drilling rig fleet is approximately seven years. Western is the sixth largest drilling contractor in Canada with a fleet of 52 rigs operating through Horizon. Of the Canadian fleet, 25 are classified as Cardium rigs, 19 as Montney rigs and 8 as Duvernay rigs. As compared to the Cardium classified rigs, Montney rigs have a larger hookload, while Duvernay rigs have the largest hookload. Additionally, Western has five Duvernay class triple drilling rigs deployed in the United States operating through Stoneham. Western is also the sixth largest well servicing company in Canada with a current fleet of 66 rigs operating through Eagle. Western's well servicing rig fleet is one of the newer fleets in the Western Canadian Sedimentary Basin ("WCSB"), with an average age of approximately six years. Western's oilfield rental equipment division, which operates through Aero, provides oilfield rental equipment for frac 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. Overall performance of the Company continued to be affected by the decline in crude oil and natural gas prices for the three and nine months ended September 30, 2015. While crude oil prices were strong in the first six months of 2014, they weakened significantly in the last half of 2014 and into the first nine months of 2015. Partially offsetting the decline in crude oil and natural gas prices for Western's Canadian customers was the strengthening of the US dollar in comparison to the Canadian dollar. The following table summarizes the average oil and natural gas prices, as well as the average foreign exchange rates for the three and nine months ended September 30, 2015 and 2014.

	Three months ended Sept 30			Nine months ended Sept 30		
	2015	2014	Change	2015	2014	Change
Average oil and natural gas prices(1)						
Oil						
West Texas Intermediate (US$/bbl)	46.43	97.17	(52%)	50.96	99.61	(49%)
Western Canadian Select (CDN$/bbl)	43.26	85.68	(50%)	47.72	87.62	(46%)
Natural Gas						
30 day Spot AECO (CDN$/mcf)	2.91	4.03	(28%)	2.78	4.79	(42%)
Average foreign exchange rates						
US dollar to Canadian dollar	1.31	1.09	20%	1.26	1.09	16%

(1) See "Abbreviations" included in this press release.

The significant reduction in commodity prices has resulted in a corresponding decrease in the demand for oilfield services in both Canada and the United States. The CAODC reported that for drilling in Canada, the total number of Operating Days in the WCSB decreased approximately 47% and 48% for the three and nine months ended September 30, 2015 respectively, as compared to the same periods in the prior year. Similarly, as reported by Baker Hughes Incorporated, the average number of active drilling rigs in the United States decreased approximately 54% and 43% respectively, for the three and nine months ended September 30, 2015, as compared to the three and nine months ended September 30, 2014. Well servicing hours were also impacted by the decline in demand, as the CAODC reported that Service Hours in the WCSB decreased approximately 39% and 36% respectively, for the three and nine months ended September 30, 2015, as compared to the same periods in the prior year.

Outlook

Currently, 8 of Western's 57 drilling rigs (or 14%) are operating under long term take-or-pay contracts providing a base level of future revenue, with 1 of these contracts expected to expire in 2015, 4 expected to expire in 2016 and 3 expected to expire in 2017. These contracts each typically generate between 250 and 350 Revenue Days per year.

Western's revised capital budget for 2015 is expected to total $38 million, a $4 million decrease from the previously disclosed $42 million. The revised capital budget is comprised of $23 million of expansion capital and $15 million of maintenance capital. The following table summarizes the 2015 revised capital budget, the capital spending incurred for the nine months ended September 30, 2015 and the remaining capital budget expected to be incurred throughout the remainder of 2015:

Capital Expenditures (stated in millions)	Revised 2015 Budget at July 31, 2015	Cancellations	Revised 2015 Budget at October 29, 2015	Nine months ended September 30, 2015 Capital Expenditures	Capital Budget Remaining
Expansion	23	-	23	(21)	2
Maintenance	19	(4)	15	(9)	6
Total Capital Expenditures	**42**	**(4)**	**38**	**(30)**	**8**

Expansion capital relates to the completion of three Duvernay class rigs, one of which is a 6,000m AC triple pad drilling rig and two of which are 5,000m telescopic double drilling rigs, as well as one slant well servicing rig carried forward from the 2014 capital budget. In addition, expansion capital includes $3 million related to the purchase of additional oilfield rental equipment. As a result of reduced activity, spending on maintenance capital has been weighted to the latter part of 2015, which provides flexibility to maintain Western's active rig fleet while allowing for additional reductions, if necessary, in the fourth quarter of 2015. Western believes the 2015 capital budget provides a prudent use of cash resources and ensures that it continues to maintain its balance sheet flexibility allowing for the execution on strategic opportunities as they arise. Western will continue to evaluate and expand its operations in a disciplined manner and make any required adjustments to its capital program as customer demand changes.

The continued pressure on crude oil and natural gas prices has resulted in reductions to the capital spending plans for the majority of Western's customers. In many cases, the capital spending reductions have been significant. As a result, active drilling rig counts in both Canada and the United States are currently at five year lows. Activity levels throughout the oilfield services industry for the fourth quarter of 2015 and the first quarter of 2016 are expected to be significantly lower as compared to the fourth quarter of 2014 and the first quarter of 2015 respectively, when the effect of the lower commodity price environment had not fully impacted Western's activity levels and pricing. Lower activity and pricing pressure will continue to impact Western's Adjusted EBITDA and cash flow from operating activities. Western's variable cost structure, under which approximately 80% of operating and administrative costs are variable, and a prudent capital budget will aid in preserving balance sheet strength. At September 30, 2015, Western's Net Debt to trailing 12 month Adjusted EBITDA ratio was 2.0. In addition to $56.6 million in cash and cash equivalents at September 30, 2015, Western has $175 million available on the Company's revolving credit facility (the "Revolving Facility"), which does not mature until December 17, 2018, $20 million available on the Company's operating demand revolving loan (the "Operating Facility"), and no principal repayments due on the $265 million Senior Notes until they mature on January 30, 2019. As such, Western is well positioned to manage the current slowdown in activity.

Oilfield service activity will be impacted by the development of resource plays in Alberta and northeast British Columbia including those related to liquefied natural gas projects, increased crude oil transportation capacity through rail and pipeline development and foreign investment into Canada. Currently, the largest challenge facing the oilfield service industry is customer spending constraints as a result of lower commodity prices. Western's view is that its modern drilling and well servicing rig fleets, strong customer base and reputation provide a competitive advantage which will enable the Company to continue its growth strategy and maintain its higher than industry average utilization.

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. These Non-IFRS measures are identified and defined as follows:

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 flow through third party charges such as rig fuel, which at the customer's request may be paid for initially by Western, then recharged in its entirety to Western's customers.

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.

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

	Three months ended Sept 30		Nine months ended Sept 30	
(stated in thousands)	**2015**	**2014**	**2015**	**2014**
Operating Revenue				
Drilling	30,921	86,735	123,274	255,228
Production Services	13,448	31,463	53,025	90,957
Less: inter-company eliminations	(19)	(238)	(272)	(1,246)
	44,350	**117,960**	**176,027**	**344,939**
Third party charges	2,609	7,265	8,819	23,683
Revenue	**46,959**	**125,225**	**184,846**	**368,622**
Less: operating expenses	(41,684)	(90,891)	(141,869)	(265,079)
Add:				
Depreciation – operating	8,791	16,042	29,040	45,251
Stock based compensation – operating	219	194	562	611
Gross Margin	**14,285**	**50,570**	**72,579**	**149,405**

Adjusted 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 ("Adjusted 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 Adjusted EBITDA but also factors in the depreciation expense incurred in the period.

The following table provides a reconciliation of net income under IFRS, as disclosed in the condensed consolidated statements of operations and comprehensive income, to earnings before interest and finance costs, taxes and depreciation and amortization ("EBITDA"), Adjusted EBITDA and Operating Earnings:

	Three months ended Sept 30		Nine months ended Sept 30	
(stated in thousands)	**2015**	**2014**	**2015**	**2014**
Net income (loss)	**(76,816)**	**14,718**	**(74,129)**	**44,614**
Add:				
Finance costs	5,508	5,155	15,029	15,885
Income taxes	(2,247)	5,525	8,725	16,527
Depreciation – operating	8,791	16,042	29,040	45,251
Depreciation – administrative	464	448	1,378	1,332
EBITDA	**(64,300)**	**41,888**	**(19,957)**	**123,609**
Add:				
Stock based compensation – operating	219	194	562	611
Stock based compensation – administrative	980	918	2,599	1,754
Impairment loss on goodwill	71,256	-	71,256	-
Other items	(75)	(218)	(1,488)	384
Adjusted EBITDA	**8,080**	**42,782**	**52,972**	**126,358**
Subtract:				
Depreciation – operating	(8,791)	(16,042)	(29,040)	(45,251)
Depreciation – administrative	(464)	(448)	(1,378)	(1,332)
Operating Earnings (loss)	**(1,175)**	**26,292**	**22,554**	**79,775**

Net Debt

The following table provides a reconciliation of long term debt under IFRS, as disclosed in the condensed consolidated balance sheets to Net Debt:

(stated in thousands)	**Sept 30, 2015**	**December 31, 2014**
Long term debt	264,219	264,165
Current portion of long term debt	832	1,062
Less cash and cash equivalents	(56,554)	(62,662)
Net Debt	**208,497**	**202,565**

Drilling rig utilization – Operating Days: Calculated based on Operating Days divided by total available days.

Drilling rig utilization – Revenue Days: Calculated based on Revenue Days divided by total available days.

Operating Days: Defined as contract drilling days, calculated on a spud to rig release basis.

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

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 of less than 400,000 lbs (or 178,000 daN).

Duvernay class rig: Defined as any contract drilling rig which has a total hookload of more than 500,000 lbs (or 222,000 daN).

Montney class rig: Defined as any contract drilling rig which has a total hookload between 400,000 lbs (or 178,000 daN) and 500,000 lbs (or 222,000 daN).

Abbreviations:

- Barrels ("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");
- International Financial Reporting Standards ("IFRS");
- Thousand cubic feet ("mcf");
- West Texas Intermediate ("WTI");
- Western Canadian Sedimentary Basin ("WCSB"); and
- Western Canadian Select ("WCS").

2015 Third Quarter Results Conference Call and Webcast

Western has scheduled a conference call and webcast to begin at 10:00 a.m. MST (12:00 p.m. EST) on Friday, October 30, 2015.

The conference call dial-in number is 1-800-355-4959.

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.

An archived recording of the conference call will also be available approximately one hour after the completion of the call until November 13, 2015 by dialing 1-800-408-3053 or 905-694-9451, passcode 3623303.

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 the declaration of dividends; the future demand for the Company's services and equipment; the terms of existing and future drilling contracts in Canada and the US and the revenues resulting therefrom (including the number of Operating Days typically generated from the Company's contracts); the Company's expansion and maintenance capital plans for 2015, including the ability of current capital resources to cover Western's financial obligations and the 2015 capital budget; the Company's expected sources of funding to support such capital plans and the Company's ability to adjust capital spending for the remainder of 2015 if market conditions change; 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 being obtained; the expectation of continued foreign investment into the Canadian oilfield industry; the expectation of significantly lower activity levels in the oilfield services industry in 2015 (compared to 2014); and the expectation that producer spending constraints will continue to be a large challenge facing the Company in 2015.

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; the continued low levels of and pressures on commodity pricing; the continued business relationship between the Company and its significant customers; general economic and financial market conditions; the development of liquefied natural gas projects, crude oil transport and pipeline approval and development; the Company'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 Company's various business segments to access equipment (including spare parts and new technologies); changes in laws or regulations; currency exchange fluctuation; the ability of the Company to attract and retain skilled labour and qualified management; the ability to retain and attract significant customers; and other unforeseen conditions which could impact the use of services supplied by Western including 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 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 demand for oilfield services will not improve for the remainder of 2015 and that commodity price levels will remain low, 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 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.

For more information, please contact:

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