

The background of the slide is a low-angle photograph of an oil rig's steel structure against a clear blue sky. The structure consists of a complex network of white and grey steel beams, with a prominent yellow component in the lower-left foreground. The image is overlaid with a semi-transparent blue horizontal band across the middle, which serves as a background for the text.

# AltaCorp Capital Institutional Investor Conference

**WRG**

**January 2015**

# Disclaimer

## **FORWARD-LOOKING INFORMATION**

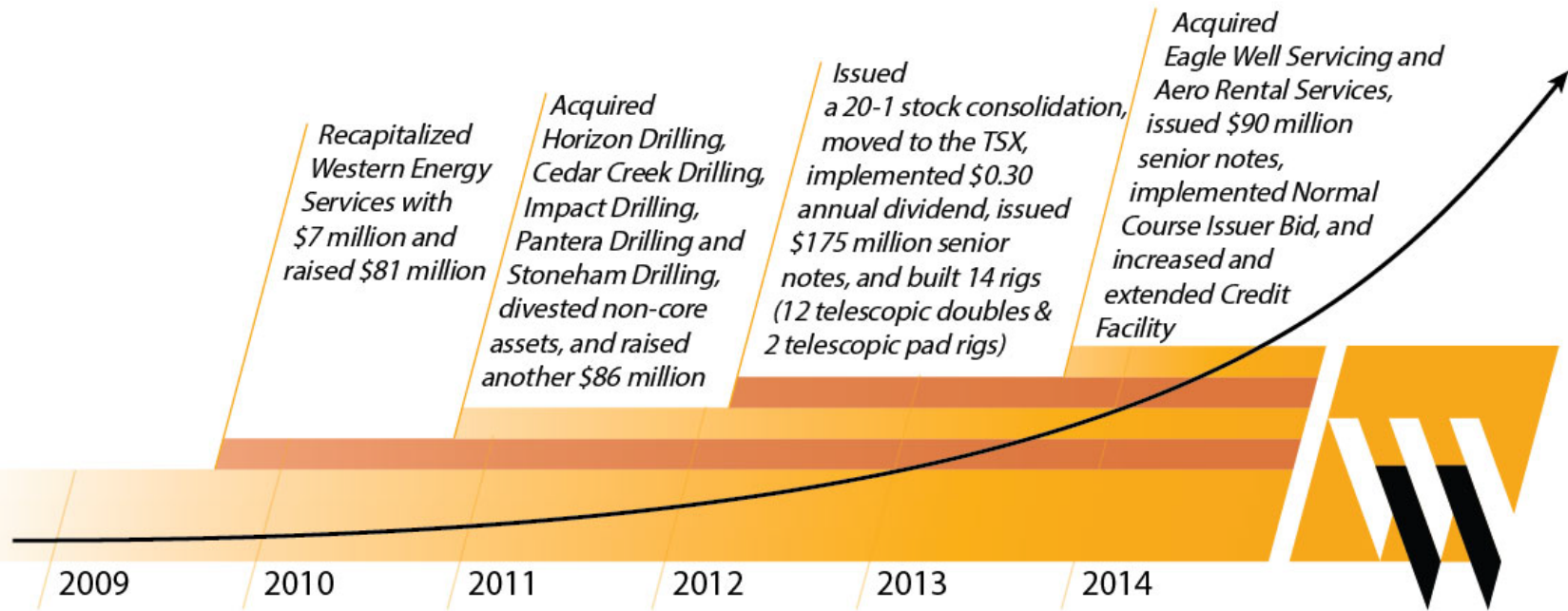
*This presentation may contain certain statements or disclosures relating to Western Energy Services Corp. ("Western") that are based on the expectations of its management as well as assumptions made by and information currently available to Western which may constitute forward-looking information under 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 in 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.*

*Forward-looking information contained in this presentation includes, among other things, the 2014 Expected Capital Expenditures, 2015 Budgeted Capital Expenditures and statements relating to future dividends. Completing those anticipated expenditures and the payment of future dividends assumes that Western's cash flow will be sufficient and is subject to known and unknown risks, uncertainties and other factors that could influence Western's actual results and cause actual results to differ materially from those stated, anticipated or implied in the forward-looking information. As such, readers are cautioned not to place undue reliance on the forward-looking information, as no assurance can be provided as to future results, levels of activity or achievements. The risks, uncertainties, material assumptions and other factors that could affect actual results are discussed in more detail in Western's Annual Information Form and other documents available at [www.sedar.com](http://www.sedar.com). and include risks associated with the oil and gas industry and demand for drilling rigs and oil and gas services.*

*Past performance of Western referred to in this presentation is shown for illustrative purposes only, does not guarantee future results of Western and is not meant to forecast, imply or guarantee the future performance of Western, which will vary.*

*The forward-looking information is made as of the date of this presentation and Western does not undertake any obligation to update or revise any of the included forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law. The forward-looking information contained in this presentation is expressly qualified by this cautionary statement.*

# Western's Strategic Growth



Market Capitalization  
**\$447 Million**  
January 8, 2015

# Western Today



**49**

*Canadian Based  
Drilling Rigs  
(plus 3 rigs under  
construction)*



**5**

*U.S. Based  
Drilling Rigs*



**65**

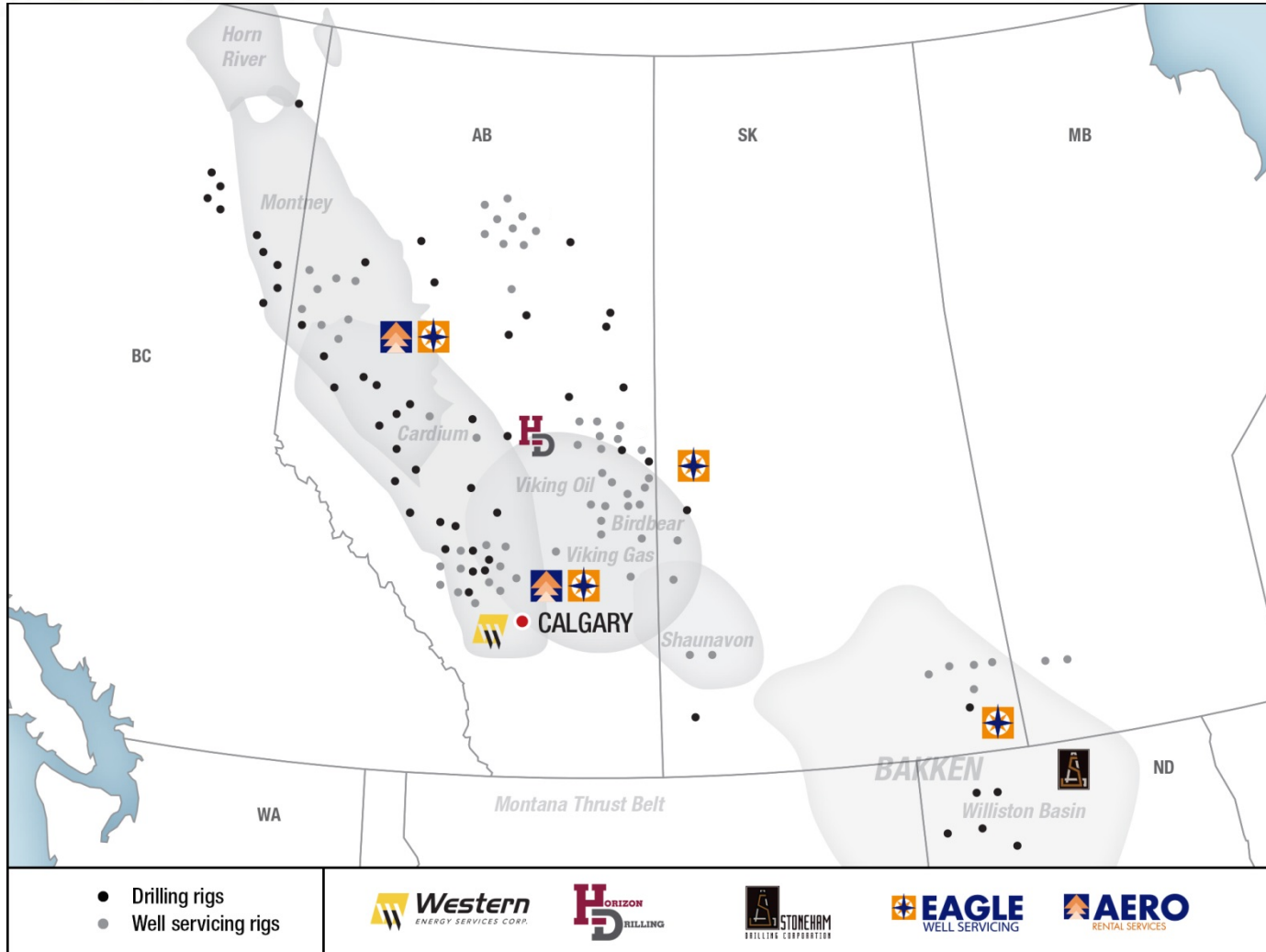
*Canadian Based  
Well Servicing Rigs  
(plus 1 rig under  
construction)*



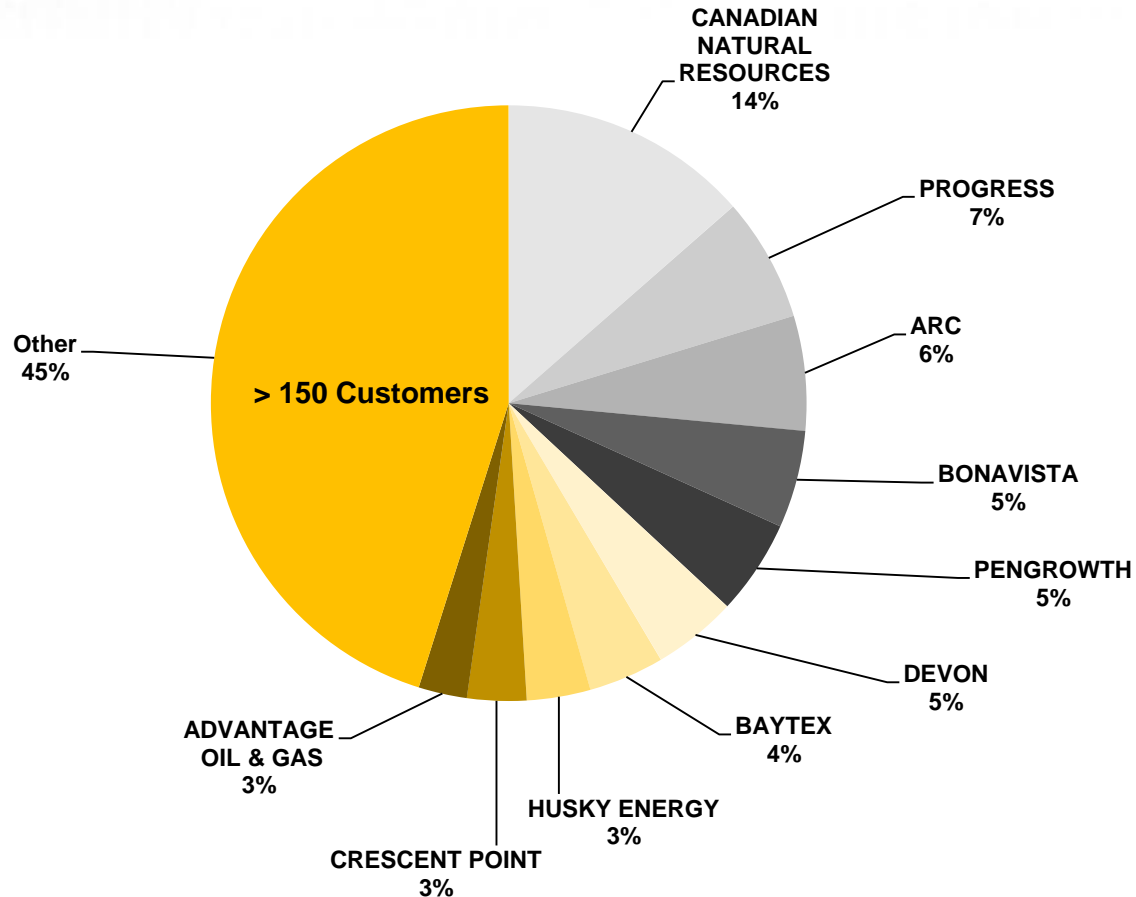
**2**

*Canadian Rental  
Equipment Locations*

# Geographic Diversity Drives Strong Customer Base



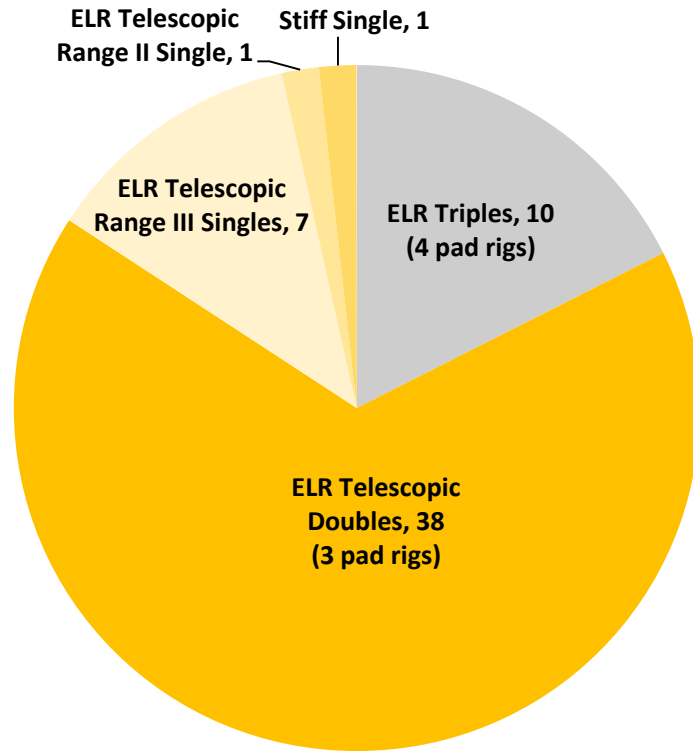
# High Quality Customer Base



Consolidated year-to-date revenue as at September 30, 2014

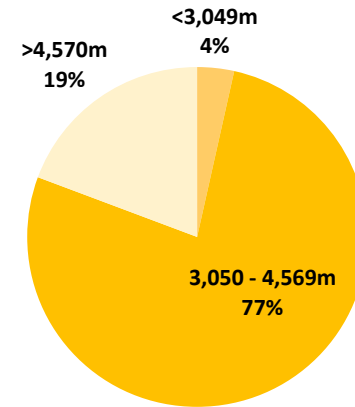
# Western's Drilling Rig Fleet

## Western's Drilling Rigs\*

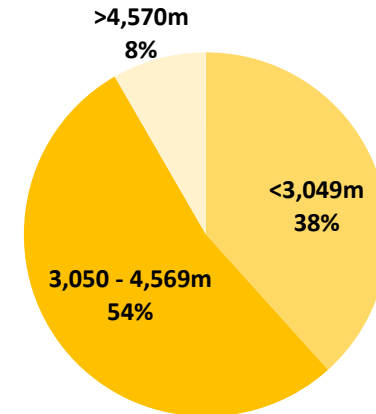


\* Includes 3 rigs under construction

## Western's Fleet by Depth Capacity\*



## Industry by Depth Capacity\*\*



\*\*Source: IHS January 6, 2015 – Canada Only

# Western's Competitive Advantage

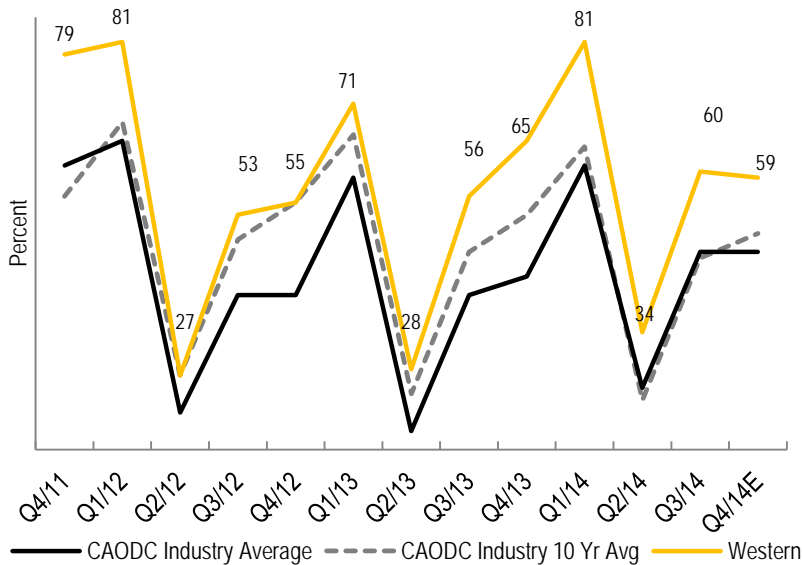
- Modern efficient fleet
  - Small footprint and efficient moves
  - Rig-up and drill efficiently
  - Average age ~7 years
  - Automated pipe handling and hydraulic BOP handling
  - Two 5,000 m ELR telescopic doubles under construction
- Pad drilling capability
  - Commissioned first two ELR convertible pad rigs
  - Completed four pad rig conversions
  - One additional 6,000m AC ELR triple pad rigs under construction
- 100% of fleet have top drives available at customer request
- 6<sup>th</sup> largest drilling rig fleet in Canada



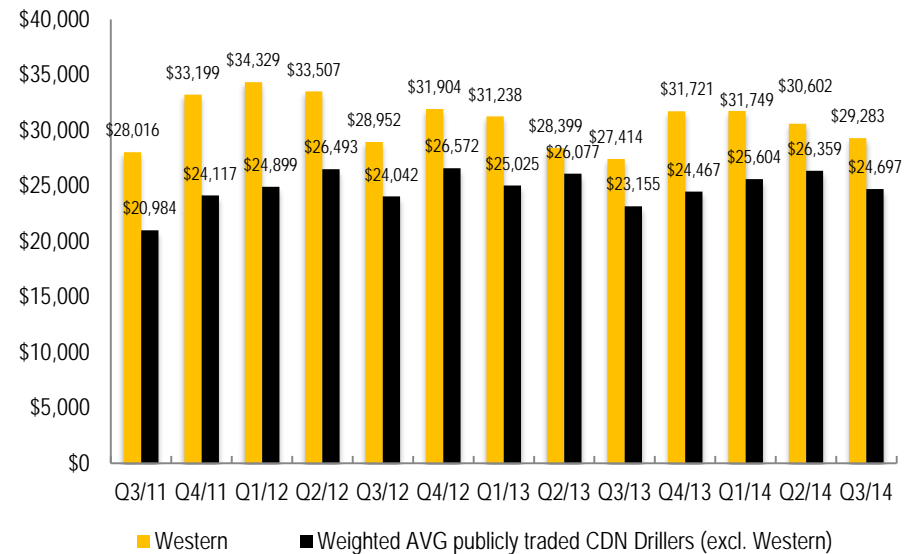
# Premium Drilling Utilization and Day Rates

Western's premium drilling rig fleet has consistently realized above average utilization and industry leading day rates in Canada

Canadian Drilling Utilization Rates <sup>(1)</sup>



Canadian Drilling Day Rates <sup>(2) (3)</sup>  
(Total revenue per operating day)



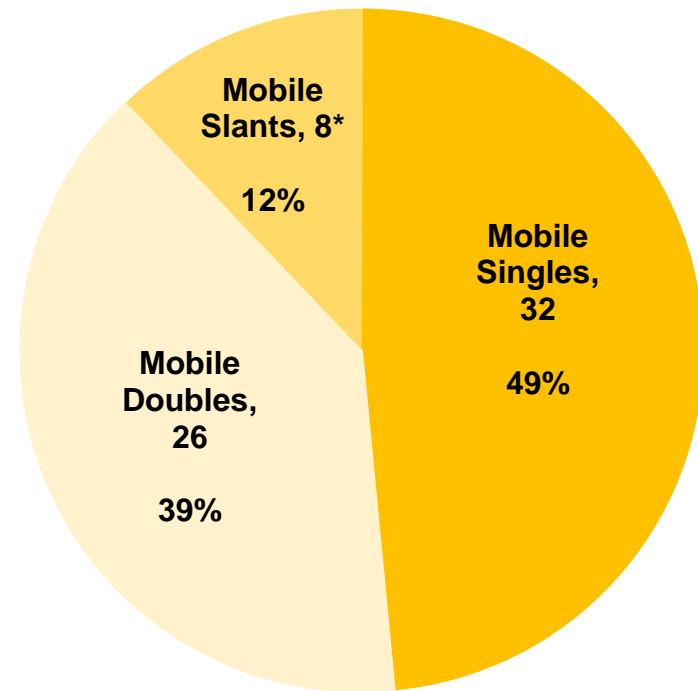
(1) Source: Industry Research, CAODC estimates at January 8, 2014

(2) Source: Industry Research, Company Disclosure, RBC Capital Markets estimates at September 30, 2014

(3) Includes Third Party Charges

# Western's Well Servicing Fleet

- One of the newest fleets in Canada
  - Average age of the fleet ~5 years
  - 7th largest well servicing fleet in Canada
- Constructing 8<sup>th</sup> Slant Rig for Q1 2015
- Operation Centres:
  - Red Deer, Alberta
  - Grande Prairie, Alberta
  - Lloydminster, Saskatchewan
  - Estevan, Saskatchewan

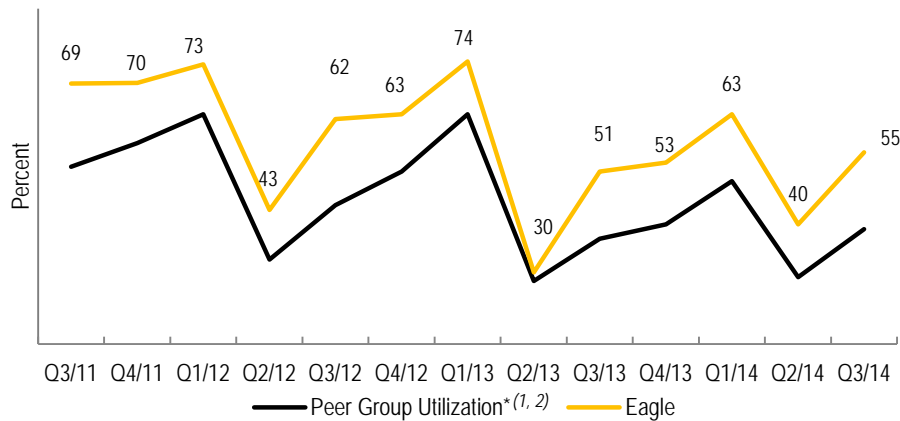


\* Includes 1 slant rig under construction

# Premium Service Rig Utilization

- Quality equipment and strong employee base drives higher utilization
- Eagle hourly rates are competitive but moderately lower than industry due to geographic rig mix

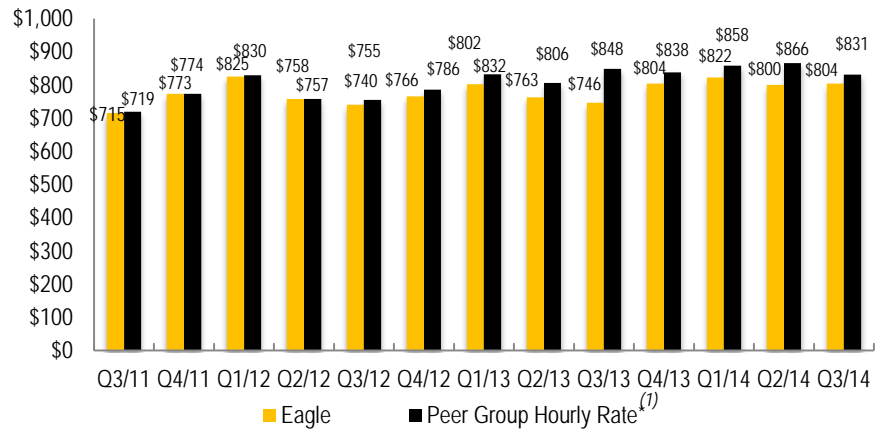
## Canadian Well Servicing Rig Utilization Rates



Source: Industry Research, Company Disclosure as at September 30, 2014

- Peer group includes Precision Drilling, Savanna Energy Services, Essential Energy Services, Ensign Energy Services and CWC Well Services.
- Based on full utilization of 10 hours per day

## Canadian Well Servicing Rig Hourly Rates <sup>(1) (2)</sup>



Source: Raymond James Industry Research, Company Disclosure as at September 30, 2014

- Peer group includes Precision Drilling, Savanna Energy Services, Essential Energy Services and CWC Well Services.
- Peer group hourly rates may include other non service rig specific services

# Quality Oilfield Rental Equipment

- Broad range of surface rental equipment for:
  - Frac Services
  - Well Completion
  - Coil Tubing Services
  - Drilling
- Larger customer base that includes Exploration & Production and oilfield service companies
- Replacement cost of assets – approximately \$40 million
- Quality equipment with new assets being deployed to meet current demand
- Increased customer demand from unconventional resource plays
- Evolving business providing opportunities to deploy long life assets for our customers

# Operating Highlights

Operating Highlights	Third Quarter			Year to Date September 30		
	2014	2013	% Change	2014	2013	% Change
<b>Contract drilling</b>						
<i><b>Canadian Operations</b></i>						
Rig fleet (end of period)	49	46	7%	49	46	7%
Operating Revenue per revenue day (CDN\$)	24,887	23,055	8%	25,852	24,294	6%
Drilling rig utilization rate per revenue day	66%	62%	6%	64%	57%	12%
Drilling rig utilization rate per operating day	60%	56%	7%	58%	52%	12%
CAODC industry average utilization rate	46%	40%	15%	44%	39%	13%
<i><b>United States Operations</b></i>						
Rig fleet (end of period)	5	5	-	5	5	-
Operating Revenue per revenue day (US\$)	26,239	21,777	20%	25,385	22,080	15%
Drilling rig utilization rate per revenue day	100%	98%	2%	94%	74%	27%
Drilling rig utilization rate per operating day	89%	88%	1%	82%	60%	37%
<b>Well Servicing</b>						
Rig fleet (end of period)	65	65	-	65	65	-
Operating Revenue per service hour (CDN\$)	804	743	8%	810	740	9%
Well servicing rig utilization rate	55%	51%	8%	53%	40%	33%

# Corporate Overview

Common shares	
Basic	75 Million
Diluted	80 Million
Current share price (as at January 8, 2015)	\$5.59
52 Week Range	\$4.91 – \$11.70
Market capitalization (f.d.) (as at January 8, 2015)	\$447 Million
Net debt	\$224 Million
Enterprise value (f.d.)	\$671 Million
Working capital (excl. current-portion of LTD)	\$73 Million
Capital assets (NBV)	\$817 Million
Book value per share (f.d.)	\$7.58
Net tangible assets per share (f.d.)	\$6.45

# Financial Highlights

Financial Highlights (Thousands CDN\$)	Third Quarter			Nine Months Ended September 30			Year Ended December 31			
	2014	2013	% Change	2014	2013	% Change	2013	2012	2011	2010
Operating Revenue	117,960	95,597	23%	344,939	233,293	48%	353,124	282,856	237,428	52,285
Gross Margin	50,570	37,547	35%	149,405	94,579	58%	147,559	131,063	114,837	22,902
Gross Margin as a % of Operating Revenue	43%	39%	10%	43%	41%	5%	42%	46%	48%	44%
Adjusted EBITDA	42,782	30,297	41%	126,358	73,880	71%	117,423	108,931	99,324	16,504
Adjusted EBITDA as a % of Operating Revenue	36%	32%	13%	37%	32%	16%	33%	39%	42%	32%
Net Income	14,718	7,927	86%	44,614	19,449	129%	35,246	45,178	64,746	26,590
per share (basic)	0.20	0.11	82%	0.60	0.29	107%	0.51	0.77	1.25	1.17
Dividends per share	0.075	0.075	-	0.225	0.225	-	0.30	0.15	-	-
Capital expenditures	31,144	31,002	-	77,533	67,705	15%	95,234	127,231	88,869	21,282

# Balance Sheet Overview

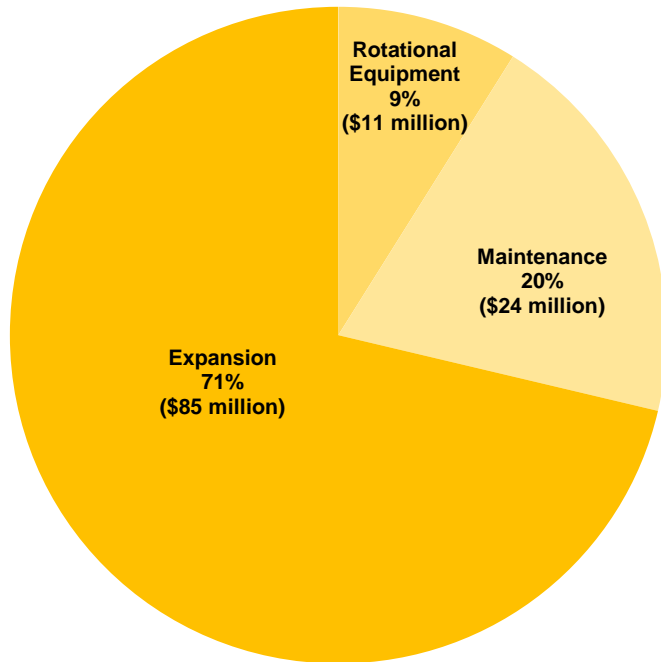
<b>Consolidated Balance Sheet ('000s)</b>	<b>September 30, 2014</b>	
Cash and other current assets	\$	133,224
Property and equipment		816,825
Goodwill and other		90,924
<b>Total assets</b>	<b>\$</b>	<b>1,040,973</b>
Current liabilities	\$	61,312
Long term debt		265,476
Deferred taxes		106,664
<b>Total</b>		<b>433,452</b>
Shareholder's Equity		607,521
<b>Total liabilities and equity</b>	<b>\$</b>	<b>1,040,973</b>

<b>Credit Facility Covenants</b>	<b>Covenant</b>
Bank Debt (excluding Senior Notes) to EBITDA Ratio	2.5 to 1 or less
Debt to Capitalization Ratio	60% or less
EBITDA to Interest Expense Ratio	2 to 1 or more
<b>Credit Ratings</b>	
Standard & Poor's	B+
Moody's	B1
<ul style="list-style-type: none"> <li>• \$265 million High Yield 7<sup>7</sup>/<sub>8</sub>% Coupon Bonds due January 2019</li> <li>• \$175 million unutilized revolver</li> </ul>	

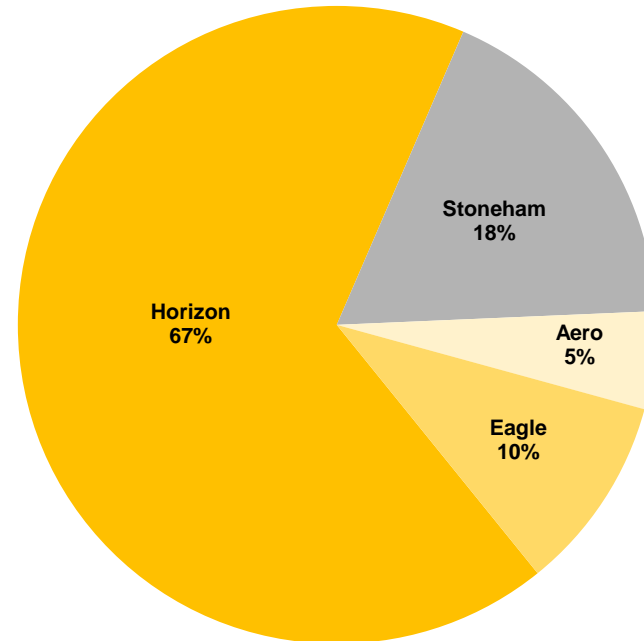


# 2014 Capital Expenditures \$120 Million

## Consolidated Capital Spending - Expansion vs. Maintenance & Critical Spares

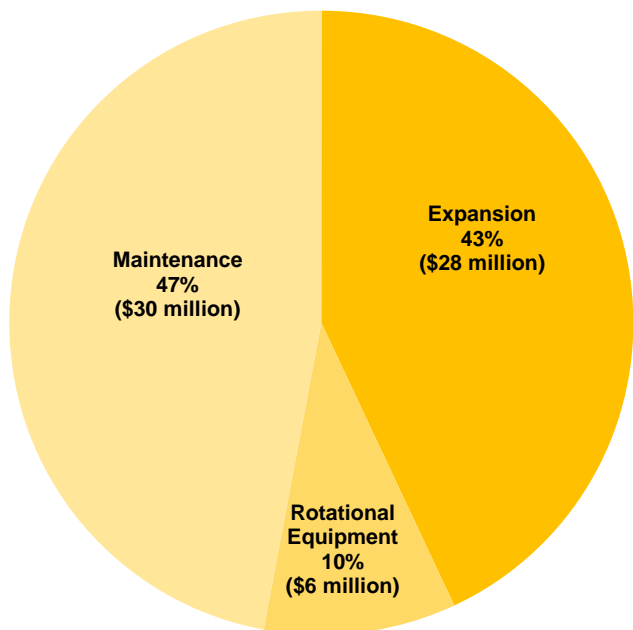


## Consolidated Capital Spending By Entity

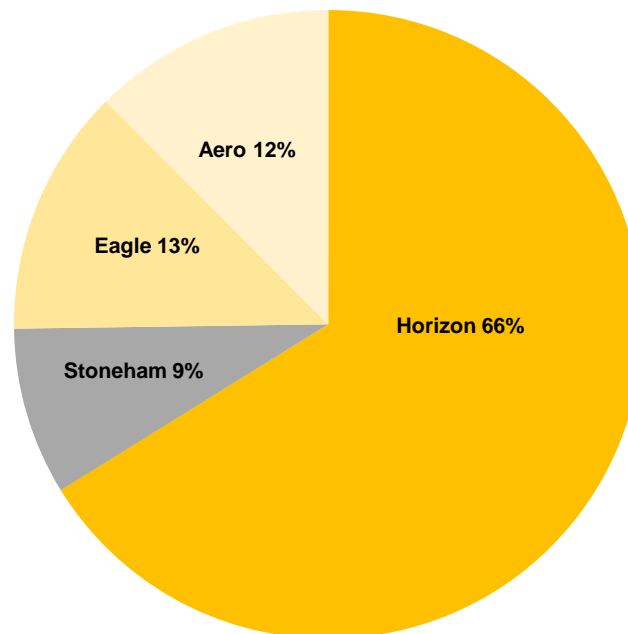


# 2015 Budgeted Capital Expenditures \$64 Million

## Consolidated Capital Spending – Expansion vs. Maintenance & Rotational Equipment



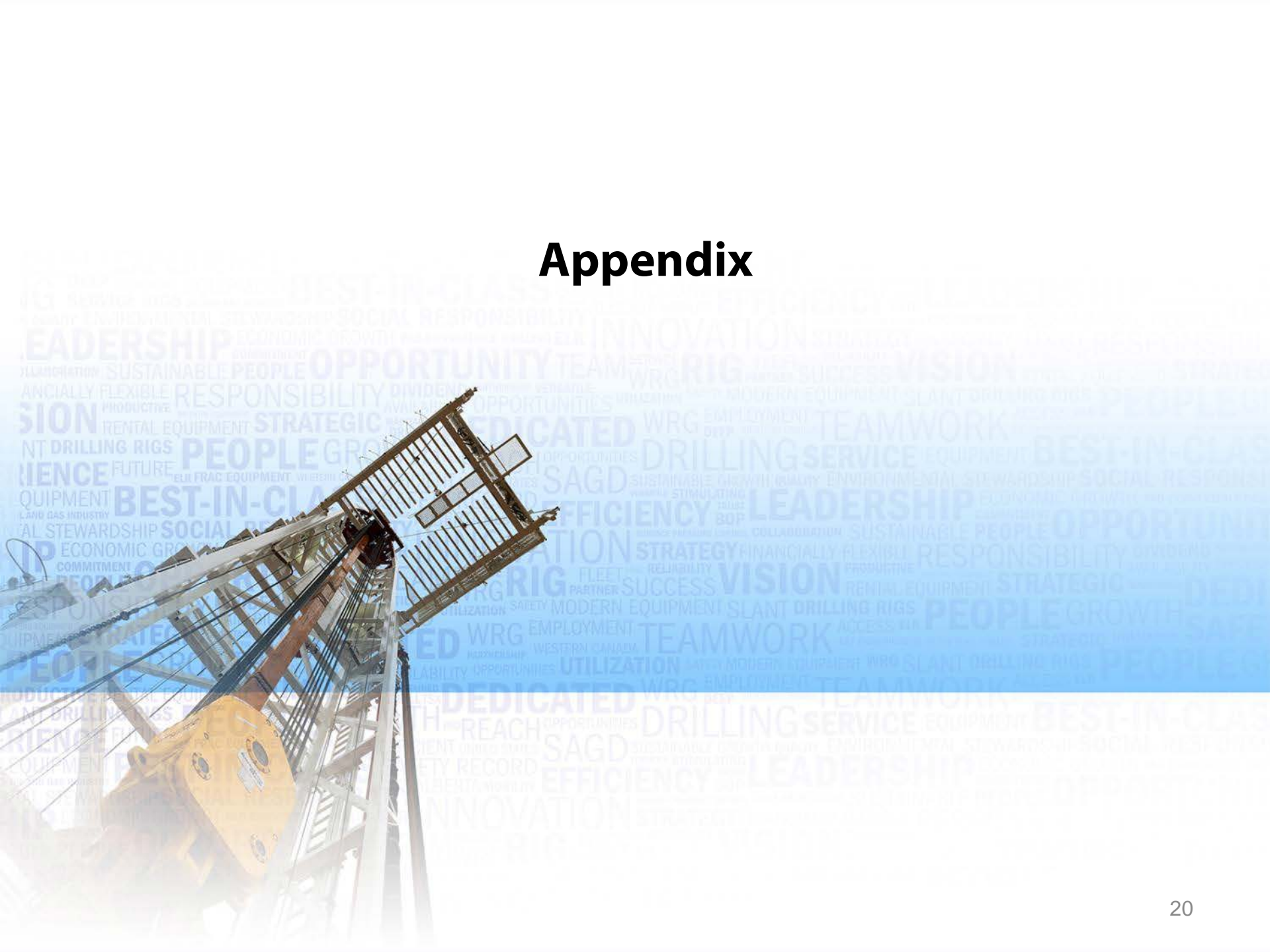
## Consolidated Capital Spending by Entity



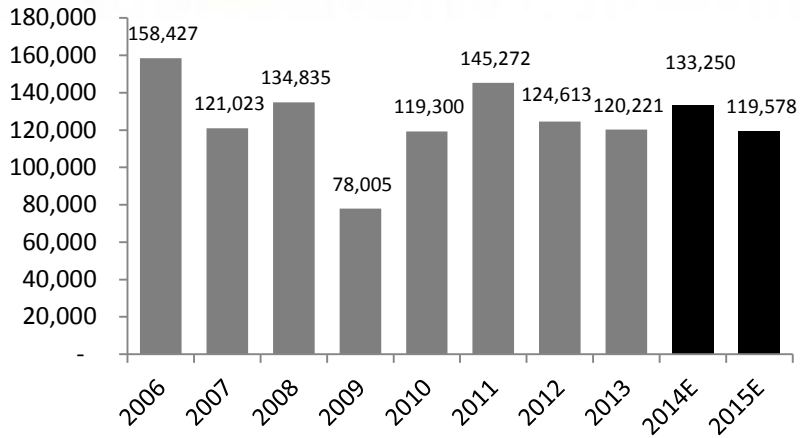
# Strategic Initiatives

- Stay financially flexible with a well structured balance sheet
- Remain focused on cost control
- Continue to offer a quarterly dividend
- Respond to strategic initiatives across all divisions
- Ensure safe and efficient operations remain at the forefront of every element of the business
- Continue to focus on enhancing and fine tuning existing business lines for optimum performance

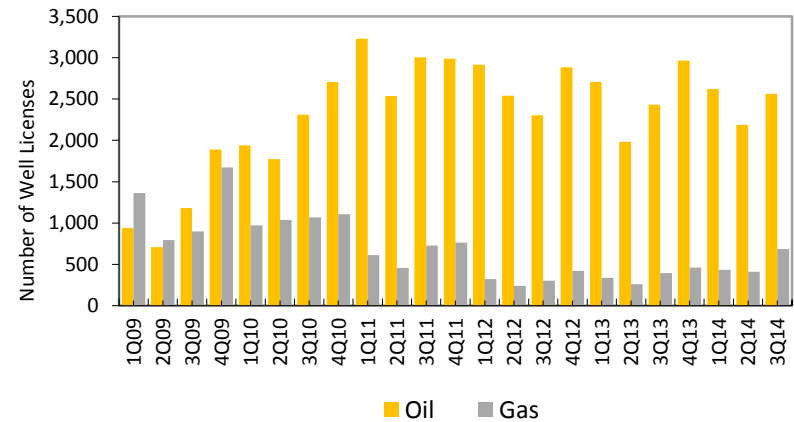
# Appendix



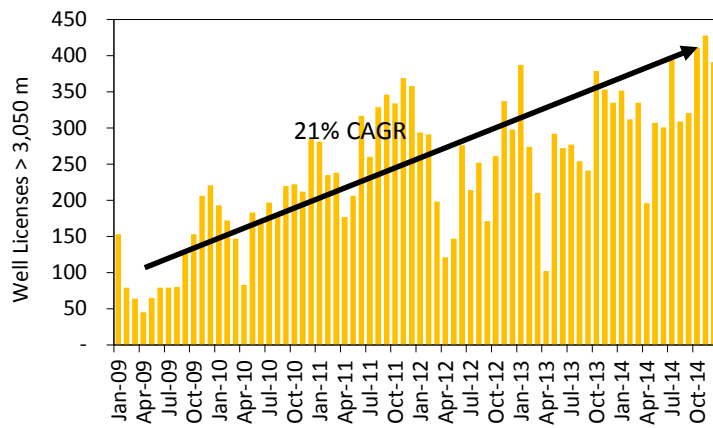
## Canadian Wells – Operating Days (1)



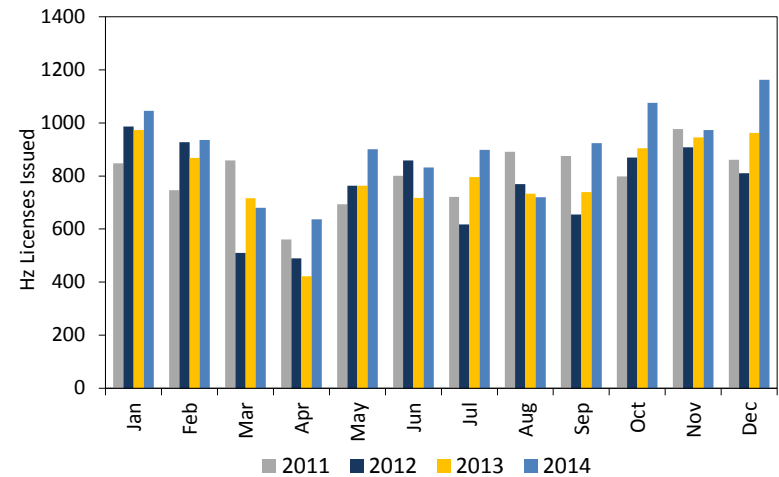
## Well Licenses by Objective (2)



## WCSB Well Licenses > 3,050m (2)



## Horizontal Well Licenses (2)



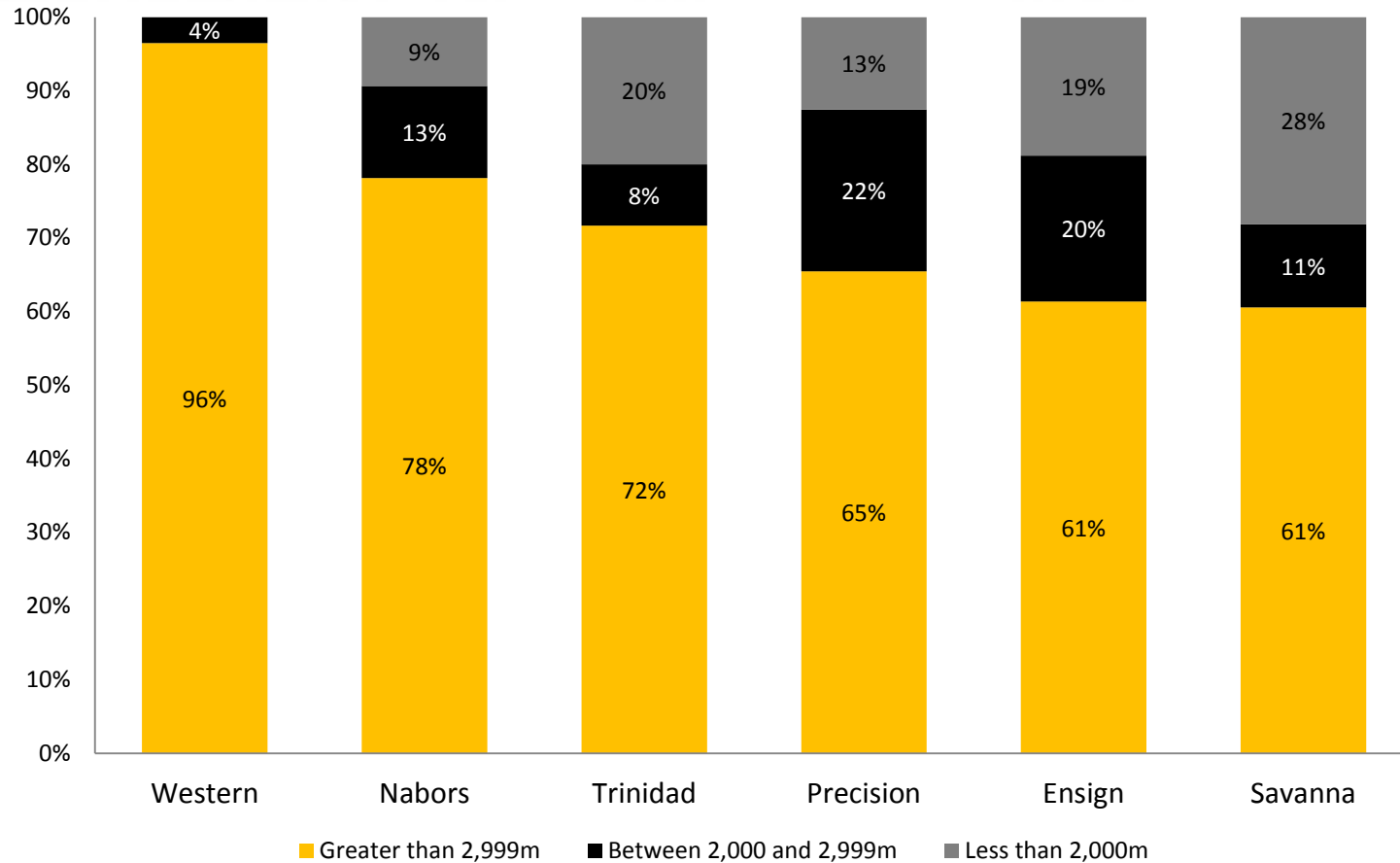
# Western's Drilling Rig Depth Capacity

Depth (m)	WCSB # of Rigs*	% of Fleet	WESC**	% of Fleet
< 760	22	3%	-	-
760 to 1,524	84	10%	-	-
1525 to 2,279	65	8%	2	4%
2,280 to 3,049	137	17%	-	-
	<b>308</b>	<b>38%</b>	<b>2</b>	<b>4%</b>
3,050 to 3,799	263	33%	23	40%
3,800 to 4,569	166	21%	21	37%
4,570 to 6,099	54	7%	11	19%
6,100 and deeper	13	2%		
	<b>496</b>	<b>62%</b>	<b>55</b>	<b>96%</b>
Total	804	100%	57	100%

\* Source: IHS January 6, 2015

\*\* Includes 3 rigs under construction

# Leading Deep Driller in Canada



Source: IHS, Industry Research as at December 31, 2014 (based on companies of Western's size or greater)  
 Western includes 3 rigs under construction



**Alex R.N. MacAusland**  
President & CEO  
Email: [amacausland@wesc.ca](mailto:amacausland@wesc.ca)  
Office: 403.984.5932  
Cell: 403.819.9844

**Jeffrey K. Bowers**  
Senior Vice President, Finance & CFO  
Email: [jbowers@wesc.ca](mailto:jbowers@wesc.ca)  
Office: 403.984.5933  
Cell: 403.875.8082